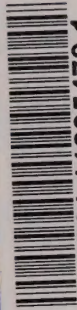


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ANNUAL CONFERENCE OF FIRST MINISTERS

CONFÉRENCE ANNUELLE DES PREMIERS MINISTRES

VERBATIM TRANSCRIPT

(unrevised)



COMPTE RENDU TEXTUEL

(non révisé)

Ottawa, Ontario
November 9-10, 1989



Ottawa (Ontario)
les 9 et 10 novembre 1989

Canadian Intergovernmental Conference Secretariat • Secrétariat des conférences intergouvernementales canadiennes

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Prepared by the

Rédigé par le

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ANNUAL CONFERENCE OF PRIME MINISTERS

CONFERENCE AND STATE OF PRIME MINISTERS

The Prime Minister of Canada, Mr. Jean Chrétien, and the Prime Ministers of the other countries of the Commonwealth of Independent States, met in Ottawa, Canada, for the Annual Conference of Prime Ministers on November 10-12, 1993.

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OTTAWA

November 10-12, 1993
Page 2 of 10 November 1993

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- November 10, 1989

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- Le 10 novembre 1989

ANNUAL CONFERENCE OF FIRST MINISTERS

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VERBATIM TRANSCRIPT

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Open Session of
November 9, 1989

COMPTE RENDU TEXTUEL

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Séance ouverte du
9 novembre 1989

Ottawa, Ontario
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LE TRÈS HON. BRIAN MULRONEY (Premier ministre):

Je pense que tout le monde est prêt ou il nous manque ... voilà, Monsieur McKenna qui arrive. Nous sommes tous prêts ou presque.

I want to welcome everyone to Ottawa for this First Ministers' Conference on the Economy. I want to issue a special welcome to two Premiers who will be attending their first meeting. Premiers Filmon and Premier Wells to whom I extend personally and on behalf of all of our colleagues a very warm invitation to this meeting. As I had the occasion to do privately last evening, I'm happy to do publicly this morning.

Dans nos déclarations d'ouverture, nous allons faire le point sur les grandes questions qui interpellent la population canadienne à l'aube du prochain siècle. Pendant le déjeuner et durant toute l'après-midi, nous allons nous pencher sur quelques uns des points soulevés ce matin et examiner une série de dossiers sur lesquels nos ministres et nos gouvernements ont travaillé ensemble au cours de la dernière année dont ceux des marchés du secteur publique, des obstacles au commerce interprovincial et de l'égalité économique des femmes.

Tomorrow morning the agenda provides for consideration of the environment and tomorrow afternoon, in a more structured way, Meech Lake. This clearly does not preclude discussions on an on-going basis among us on any of these topics. We, of course, will hear from Premiers McKenna and Filmon who have recently received reports on the Accord, the benefit of some of their views and from Premier Wells with whom I recently exchanged correspondence on the behalf of the government and the people of Canada.

This is the final conference provided for in the five-year agreement that we signed in Regina. So it is timely to remind ourselves of the especially contentious federal-provincial atmosphere that prevailed before we initiated this process. In those days, as you will remember, First Ministers' conferences were called only when Ottawa wanted them and that was not very often. Ratification by the way of the Meech Lake Accord will entrench annual First Ministers' conferences on the economy and I believe that is another useful provision. Regular First Ministers' conferences, I think, have restored some of Canada's traditions of cooperative federalism. The nature of our federation, the vastness

of our geography and the sparseness of our population is such that the difficulties and disappointments, both provincial and regional, will often intrude upon our process and sometimes upon our relationships. Occasionally, the federation is confronted with storms that are not easy to weather. This should not be seen as a sign of weakness in the nation. Cooperative federalism does not mean unanimity. It means managing tensions openly and fairly. And that's what we have been doing and that's what I know we will continue to do.

This time last week the Economic Council published its latest study of Canada's economy. That report made for sobering reading. It predicted that Canada faces a bleak future unless the deficit is cut further and we risk leaving our children a much leaner economic legacy than the one that we inherited. It warned that with interest rates higher than the rate of economic growth this debt had already, and I am quoting, "slipped into the danger zone of explosive growth", and it concluded that "slow productivity growth, an aging population and environmental damage are all warning signs for the future". And Judith Maxwell, the Council Chairwoman, urged and I quote that "we ... stop passing the buck to the next generation". Well some of us have been seeking to make that same argument for some five years.

When we came to office in 1984 we set out to rebuild what was essentially in many ways a damaged economy. We began to repair the economic base of the country by restoring investor and consumer confidence through fiscal responsibility and by dismantling barriers to investment such as the Foreign Investment Review Agency and the National Energy Program which devastated the economies of large areas of western Canada.

We launched a process of deregulation and privatization aimed at ensuring that the market was allowed to work effectively for the benefit of all Canadians.

We also took steps to ensure Canada's prosperity in the 1990s and into the 21st century; free trade with the United States; tax reform; additional support for science and technology; new regional agencies to promote entrepreneurship and small- and medium-sized business.

We took these steps because we knew that if we got the economic policy fundamentals right, we could count on Canadians to do the rest. Governments cannot create wealth, only individual

Canadians in a proper economic climate can. And they have responded. The Canadian economy is now concluding another year of healthy expansion.

Since 1984, our economic growth has been a close second only to Japan's among leading industrial countries. 1,535,000 new jobs have been created since 1984, 86 percent of them full-time, and 56 percent of them going to women. The unemployment rate has dropped from 11.6 percent in 1984 to 7.3 percent today, it's lowest level in 8 years. The youth unemployment rate which so troubles people around this table has dropped even more sharply by more than 7 percent, from 18.2 percent to 10.9 percent. Still too high. 550,000 Canadians have been removed from the poverty roles in the process of creating this economic wealth which means that there is a degree and a growing degree of social justice in economic policy. Business non-residential investment has grown in real terms by an average of nearly 9 percent per year since 1983 and almost 19 percent in 1980 alone. Real personal income has increased a full 12 percent per capita, after taxes, since 1984.

According to the Geneva-based World Economic Forum in 1983, according to a series of objective criteria, Canada ranked eleventh in international competitiveness among industrialized countries. By August of 1989, this year, we had climbed to fourth place. From eleventh to fourth place in five years. That means that the First Ministers around this table have been doing a lot of things right.

When we met in Toronto a number of participants expressed concern that Canada's strong economic performance was overshadowed by the spectre of the development of two economies. With Ontario and Québec outperforming the regions to evolve with two economic Canadas. One wealthy and the other dispossessed. Since then several have contended that interest rates are further dampening regional growth and have questioned whether others are not being asked to pay the price of controlling inflation essentially in Ontario. Well no one likes high interest rates. But since our last Conference in Toronto, that is in the same period that interest rates have increased and the dollar has strengthened, I understand this morning that it is at its highest in ten years, growth in every region has been healthy, leading to better balance across the nation. Since 1987 when we met, Atlantic Canada and the West have benefitted from buoyant world markets for pulp and zinc and nickel and copper. With the exception of Manitoba and Saskatchewan, which suffered from the drought, every province's real growth rate was above 3 percent in 1988. And in 1989 Manitoba

and Saskatchewan are expected to rebound very dramatically with Saskatchewan leading the nation and Manitoba not far behind.

Recent employment data confirm that the base of economic growth, using the criteria of employment increase, has broadened dramatically. In 1989, employment growth has been the strongest in Alberta and British Columbia. In fact, over one half of the new jobs created in British Columbia and Alberta.

In 1988, business non-residential investment grew at a vigorous pace across the country, but in New Brunswick, Alberta, British Columbia, Nova Scotia and Prince Edward Island, it grew particularly strongly, accounting in those provinces for over 40 percent of the total increase, without either of the large provinces present in those numbers. This is a dramatic change and a healthy change for the regions of Canada.

Investment is continuing to grow vigorously this year, with the highest rates of growth expected in New Brunswick - 38 percent; British Columbia - 23 percent; Nova Scotia - 23; and Manitoba - 21.

Economic growth has also been strong in Ontario and Québec in the last two years since our last meeting, at an average of four percent.

Au mois d'août le taux de chômage au Québec est descendu à 8,8 pourcent, son plus bas niveau depuis 1979. A 4,8 pourcent, le taux de chômage en Ontario demeure le plus faible au pays.

Il est clair que l'économie canadienne a connu une saine croissance, qui s'est manifestée d'un bout à l'autre du pays. Cela ne veut pas dire que nous n'avons pas de problèmes, au contraire. Cette longue période de croissance a gravé la capacité de production de l'économie, ce qui a entraîné un resserrement des marchés, de la main-d'oeuvre et des produits.

Depuis notre dernière conférence en 1987, le taux d'inflation a augmenté d'un point passant de 4,2 à 5,2 pourcent et ces pressions inflationnistes ne se font pas sentir seulement dans le centre du pays.

La moyenne des hausses de salaires augmente dans la plupart des régions. Elle s'élève à près de 4 pourcent dans les prairies et plus que 5 pourcent ailleurs.

Les hausses salariales accordées par les gouvernements provinciaux ont été nettement supérieures à celles accordées par le gouvernement fédéral au cours des quelques dernières années. Ces pressions sur les coûts de production se traduisent maintenant par une plus forte augmentation des prix d'un bout à l'autre du pays. Le taux de l'inflation sous-jacent varie actuellement entre 4,6 et 6,6 dans toutes les régions.

Quiconque pense que le Canada peut abaisser de façon artificielle ces taux d'intérêt devrait se rappeler les effets qu'ont eu de telles politiques dans le passé. L'inflation à deux chiffres à la fin des années '70 et la profonde récession au début des années '80.

Tous les secteurs de l'économie, tant publiques que privés, ont un rôle à jouer dans la lutte contre l'inflation. Ce n'est que si tous les gouvernements limitent leurs dépenses que nous pourrions espérer réduire les taux d'intérêt.

Twenty years ago, the government of Canada had a budget surplus and interest payments absorbed only twelve cents of every dollar that revenue brought in.

When I was sworn in as Prime Minister five years ago, the budgetary surplus had been transformed into a deficit of thirty-eight billion dollars a year and interest payments on the debt took thirty-two cents of every dollar of revenue. Thirty-two cents out of every dollar we take in has gone to pay the interest on a debt.

During those two decades, federal government expenditures had so exceeded revenues that interest payments now cost more than the federal government spends on health care, family allowances, old age security and social assistance combined. So, a legitimate question is: when do you think that we hear speeches about Canada's soul and Canada's sovereignty? When do you think that Canada's sovereignty is diminished or impaired? When you pay thirty-two cents on the dollar interest? When forty cents on every dollar that you take in goes to pay your bankers or is it fifty cents? Or something higher? Clearly, the spending circus had to stop.

The fiscal situation explains why, since we came to office, and we have had our problems God knows, we have held the growth of federal program spending to an average of 3.5 percent a year. This compares, to put it in perspective, with an average of 14.1 percent

over the previous five-year period and 12 percent a year, every year, over the previous decade.

It explains why in '88-'89, an election year, when temptations are great, we held the growth of spending on government programs to 3.1 percent. It explains why, since we came to office, we have had to reduce the federal public service by 12,000 person-years. By comparison, and not to be argumentative but to lay it out carefully for your consideration, program spending by provincial governments increased an average of 6.5 percent each year over the same period. Annual provincial spending increases ranged from over 10 percent in one province to just above 3 percent in another. Federal expenditures on government programs have declined to the lowest in a decade. Since we came to office, the cost of government operations has been reduced 2.6 percent annually.

I recognize the importance of federal transfers -- which for several of you can account for from one-quarter to nearly a half of all of your expenditures. And that is why, as we talked last night and as I am sure we will agree today, the federal deficit is a national not just a federal problem.

And while it is true that provincial governments have been asked to contribute to deficit reduction, I think you will acknowledge that we have asked you to bear less of the burden than we have here in Ottawa.

En fait, depuis notre entrée en fonction, la somme des paiements du gouvernement fédéral aux autres gouvernements au titre des transferts en espèces et des transferts d'impôt a augmentée de 6,5 pourcent en moyenne par année, alors que les taux de croissance de nos propres dépenses de programmes n'a été que 3,5 pourcent.

Les transferts fédéraux aux gouvernements provinciaux représentent 23 pourcent de nos dépenses de programmes. Cette année, ils s'élèveraient, en tout et pour tout, à plus de 34 milliards de dollars. Ces dépenses sont beaucoup trop importantes pour être exemptées des mesures de réduction du déficit.

Sans une restriction des dépenses à tous les niveaux, le Canada ne pourra se donner la marge nécessaire pour opérer une baisse des taux d'intérêt. Même en tenant compte des mesures que nous avons prises dans le dernier budget, notre soutien financier aux provinces demeure considérable et continue d'augmenter.

Several of you around this table know from personal experience what it's like to be criticized for trying to control deficits -- whether it's Alberta or New Brunswick on social spending, or Newfoundland and Ontario for their tax increases or Saskatchewan in other areas.

I ask you not to lose sight of the comparatively favourable situation that provincial governments enjoy even in some difficult times.

In '88-'89, the federal deficit, at 4.8 percent of GNP, was five times greater than that of the provinces.

Federal debt, that I just referred to, at 53.4 percent of GNP, was four times that of the provinces. I look around this table and I see some Premiers who have a balanced budget.

In '89-'90, federal debt servicing costs, at almost 35 percent of revenues, are more than three times greater than the debt service for the provinces.

I have already indicated that Ottawa spends the first thirty-two cents of every dollar we take in from taxes to pay the cost of servicing the debt. We pay 32%. The first thirty-two cents that we bring in goes out for that, New Brunswick which is a traditional "have not" province spends thirteen cents, Ontario spends eleven cents, British Columbia spends four. That will give you an idea of the enormity of the debt burden placed on Ottawa and the lack of flexibility that gives us because we have to meet these payments to do other things that we want to do. From thirty-two cents in Ottawa to four cents in British Columbia. Bill Vander Zalm will say: "Well, you get the good government in British Columbia and it gives you these low payments". And in part, he may be right. But I wanted to say that before he did.

So the debt and the deficit, as you all know, are the reasons we have brought down the tough budget that we did.

Delaying important aspects of the child care program, eliminating some programs entirely, reducing subsidies to VIA Rail -- \$641 million dollars a year that we do not have -- limiting the rate of growth of transfer payments to the provinces, reducing the rate of growth in foreign aid and military expenditures including the closing of some military bases -- these were extremely difficult decisions, but they were based on our commitment to

address the real fiscal issues facing Canada. We did not do this as a program for popularity and, as you can see, the results are there to confirm the wisdom of that.

But we are making progress. We no longer, believe it or not, have to borrow money in Ottawa to pay for government programs. These programs are now being paid for out of government revenues. And we are also paying, believe it or not, some of the interest charges on past debt from current revenues.

If we maintain our present course, budget forecasts indicate that 1993-94 should be the last year that we have to borrow in capital markets. From then on, we should be able to begin chipping away at the debt that we owe in capital markets, which would be the first time that the government of Canada has been able to do this since 1969. And of course, if we are able to do this, you can see the flexibility that it opens for the federal government to engage in other programs of assistance to Canadians.

So clearly, we are not making these difficult decisions out of a zeal for accountancy. Reducing the deficit is a means to an end. And the end is one that I think we all share -- it is to ensure that our children will have the same opportunities that we enjoy and better.

I want to turn to a matter where there is unanimity around this table -- the Goods and Services Tax (GST). This is another tough decision, but it is the right decision. The existing Manufacturers' Sales Tax was created in 1924. It is both anachronistic and profoundly discriminatory, and it discriminates against consumers and Canadian producers alike. It distorts our economy and costs Canada \$9 billion a year in lost economic output and jobs -- and we will deal with this study that was leaked last night. We will deal with this one head on.

The present Manufacturers' Sales Tax covers only 75,000 firms in Canada, and there are 22,000 special arrangements and administrative interpretations that diminish and distort its application. Every day, Canadians in every province and in both territories are paying for an economically destructive tax at 13.5 percent, in many cases without knowing it.

Canada is the only major industrial nation in the world with such a self-defeating tax. Forty-eight countries, including the United Kingdom, Germany, France, and Japan, have introduced a GST

or value-added tax as a more equitable instrument of fiscal policy. Virtually every expert agrees that the Manufacturers' Sales Tax should be scrapped. Everybody agrees on that -- I will acknowledge that not everybody agrees on how we should replace it. But we are going to scrap it. It is bad for Canada, it kills jobs, it limits growth, and it affects regional progress. And a GST will be implemented.

It is unfortunate that our Ministers of Finance were unable to reach agreement to introduce a national sales tax in 1991. Clearly -- unquestionably -- that would have been the most desirable course of action. However, Mr. Wilson has designed our initiative in such a way as to leave the door open to provinces to join the system once it is up and operational. I would hope that the current criticism of the tax would not lead any First Minister to foreclose this option.

À mesure que progressera la large discussion sur cette question, les canadiennes et les canadiens seront en mesure d'évaluer eux-mêmes les compromis que nous aurons faits en structurant le régime de la Taxe sur les produits et services après avoir soigneusement pesé le pour et le contre de chaque décision.

- La TPS va accroître la compétitivité internationale du Canada en plaçant les industries canadiennes sur un pied d'égalité avec leurs concurrentes étrangères;
- Elle va rendre l'ensemble du régime fiscal plus équitable; en fait, le crédit d'impôt pour la TPS constitue à lui seul l'important avantage pour les personnes à revenu moyen ou modeste; et
- Elle va créer une base plus solide pour nos efforts de réduction du déficit et de la dette.

Je fais confiance au bon jugement des canadiennes et des canadiens, car la TPS est essentielle pour garantir l'avenir économique du Canada. Si nous évitons la question de la taxe de vente et ne prenons pas les décisions difficiles qu'exige la restructuration de l'économie, nous allons refiler le fardeau à nos enfants et leur laisser en héritage des problèmes et des dettes dont ils pourraient ne jamais venir à bout.

Dans tous les domaines qui nous concernent, nous devons investir dans l'avenir de nos enfants, et non l'hypothéquer.

L'Accord de libre échange avec les États-Unis constitue, à mon sens, quelque chose qui est un bon investissement. Je sais que ça ne fait pas unanimité, mais c'est mon opinion. La Commission mixte du commerce canado-américain a été mise sur pied et, comme le prévoit l'Accord, elle a créé des groupes de travail chargés d'étudier des questions de l'agriculture, des douanes, des tarifs douaniers et des subventions. Le comité sélect chargé aussi d'étudier l'automobile est en place lui aussi.

Comme la mise en oeuvre de l'Accord doit se faire graduellement sur une période de dix ans, il est encore trop tôt pour en calculer précisément les retombées. Mais les premiers signes sont encourageants.

On prévoit qu'à la fin de 1989 l'investissement des entreprises canadiennes aura augmenté de près de 14 pourcent et de 28 pourcent pour le seul secteur manufacturier et comme je l'ai souligné tantôt ce qui est encore plus agréable et plus important c'est que les investissements sont à la hausse dans les provinces moins favorisées comme le Nouveau-Brunswick qui est en tête de la "hit-parade" sur les investissements au Canada et quand une province défavorisée traditionnellement comme le Nouveau-Brunswick mène je trouve ça excessivement bon pour la fédération. Et voilà des changements de "pattern" d'investissement qui sont de nature à encourager toutes les régions défavorisées. Depuis le début de l'année, et vous allez vous en souvenir, on a dit que ce pacte aurait pour effet de réduire la création d'emploi et que les emplois créés seraient essentiellement des emplois à temps partiel. Jusqu'à ce jour ici créé 189,000 nouveaux emplois au Canada dont 86 pourcent sont des emplois à plein temps.

And so the bottom line is that the free trade agreement promotes economies of scale and provides a more competitive base for Canadian firms to operate world-wide. The Free Trade Agreement is our launch path. It gives Canadian firms the scale and the scope to compete in a world that is changing dramatically. It lets us go global, going global is the trade mark of our new \$94,000,000 trade and investment promotion program aimed at Asia and Europe as well as the United States.

And meanwhile as the Uruguay Round promises to lower barriers to traders from the world, we all have to address ourselves to domestic practices that hinder the free flow of goods and services within Canada. Here we are, great free traders preaching lower trade barriers around the world. At the GATT we have got trade

barriers inhibiting the flow of commerce between our provinces. What could be sillier. What could place us at a greater disadvantage than not practicing internationally what we preach at home. I understand our ministers responsible for interprovincial trade have some concrete results to show for their efforts to reduce interprovincial barriers and I compliment all First Ministers for that and I fully expect that we will return to this issue over the course of the next couple of days.

If Canada is to meet global challenges every region of the country has got to participate. In Atlantic Canada, among other things, this means entrepreneurship and increased self-reliance. For the West it means secure access to markets and diversification of the economy. The federal government will be a full partner in these efforts. Let there be no doubt about it. We remain strongly committed to regional development. Our total spending on regional development for a five year period, that I have just described, the five year cycle that we are talking about, is currently estimated at 4.2 billion dollars. This amounts to 1.4 billion or 50 percent more than the previous five year period. In Atlantic Canada, in the West, in Northern Ontario, in Eastern Québec, there has been an increase of 50 percent over the previous mandate. You hear a lot of talk about regional development spending. And federal spending for the next five year period, as laid out by Mr. Wilson, is 5.6 billion which is a 35 percent increase over this five year cycle. So two series of increases. 50 percent in the first stick at it and 35 percent increase over what we are doing now. That adds up to an 85 percent increase over the amounts flowing for regional development when I was sworn in as Prime Minister. It is not perfect but I want everybody to know that we have been making substantial strides in allocating moneys for regional development.

But the key to regional development, as Premier Ghiz, Premier McKenna, and Premier Buchanan have pointed out, as well as others, lies not simply in dollars and cents, it lies in investing in human resources and producing goods and services that are in demand in a competitive global economy.

The future of Canada in this increasingly competitive global economy requires a sound national infrastructure. Our communications network is clearly among the most important infrastructure we have. We simply cannot afford fragmented regulation in telecommunications given contemporary global realities.

And just as the railways forged east-west links over one hundred years ago, telecommunications can do the same for this generation of Canadians. Enhancing our unity and our sovereignty. The telecommunications networks are the bands of steel for the twenty-first century.

Even more than is the case today, the twenty-first century will be about competitiveness. Competitiveness will depend, in the first place, on technology and research but it was precisely on this score that the World Economic Forum, that I referred to earlier, that moved us up from eleventh place to fourth, still issued a caution that Canada's performance was lagging. The roots of our problem, as you know, go deep into our national financial and industrial, and indeed, historical structures.

The federal government contribution to the national science and technology effort is expected to exceed \$5 billion in 1989-90, an increase of over \$1 billion from 1984-85. But despite a blitz of governmental initiatives, both federal and provincial, some of them extremely timely and extremely interesting from all provinces, Ontario has had a series of very impressive initiatives in science and technology. But despite all of these initiatives, progress has been extremely difficult.

Private sector research and development is crucial. But business-financed research and development in Canada, as a percentage of gross domestic product, is low here in comparison to other countries. Research and development funded by business in Canada is 0.71 of 1 percent of gross domestic product. In the U.K., business spending is 1.17; in the U.S., 1.27; in West Germany, 1.82; and in Japan, almost 2 percent. There is an enormous disparity between business investment in Canada where it must come from as compared with our chief competitors.

Industry must lead on this issue and not follow. And, time is the one resource we have little of. I think we all know that nothing at all is preordained about Canada's place in the world. We have to compete with the best the world has to offer. And what the world has to offer is very, very good, and it is very, very tough.

I have just returned from another trip to Asia. Some of you have been travelling as well. I have seen first hand, and as many as you have, just how tough our competition really is. I am not speaking only of Japan. Countries that, a generation ago, could

scarcely feed themselves, have become powerful engines of competition. Growth in Singapore averaging over 11 percent a year; 2 percent inflation; one and one-half percent unemployment. The country that could not feed itself a generation ago. In Malaysia growth at 8.9 percent; record investment; value-added production rising dramatically. Singapore, Taiwan, there is the competition. No one is going to buy a single thing from us because we are Canadians. They are going to buy from us only if our products are of high quality and good prices competitively. And so our productivity is of vital importance to every body around this table. And the quality of our products. And our access to markets. There is the competition. And it will kill jobs in Prince Edward Island just as surely as it killed jobs in the interior of British Columbia. That is why we all have a vested interest in making sure that we secure our market nitch. And there are going to be tougher competition coming from Europe as well once it forms itself into a single integrated market of 300 million people in 1992.

Since 1960 Canada has lost market share in all three of our major markets. This loss of market share can be traced, in part, to the state of our own competitiveness.

Le rapport du Conseil Économique confirme que notre productivité dans le domaine manufacturier est encore en retard sur celle des États-Unis et il ajoute qu'elle a été surpassée aussi par celle de l'Allemagne de l'Ouest, de la France et de l'Italie. Les mesures que nous prenons pour restructurer l'économie canadienne ne vaudront pas grand-chose si les canadiennes et les canadiens ne sont pas en mesure de profiter des possibilités qui se présenteront. Il faut pour cela un système d'éducation de calibre mondial. Si le Canada veut être compétitif dans le monde du savoir d'aujourd'hui, il doit se classer parmi les premiers en créativité et en excellence technique. Pour être compétitif dans l'économie contemporaine un pays doit pouvoir compter de plus en plus sur ses ressources humaines, c'est-à-dire sur ses cerveaux. La variable critique dans cela est la qualité du système d'éducation d'un pays, et par éducation j'entends l'école primaire, l'école secondaire et bien sûr l'université. Et j'entends aussi le niveau préscolaire, la préparation de nos enfants avant leur inscription à l'école et le perfectionnement professionnel, la formation et le recyclage de notre main-d'oeuvre, après la fin des études régulières.

Human resource development and training will determine which countries are in the vanguard of economic development and which are in the rearguard of economic decline. We all want Canada to be in the vanguard, but we have all seen surveys that cast doubt on the quality of education available to Canadians.

We have a very low rate of engineers and scientists in our workforce. Women account for only 13 percent of engineering degrees and 30 percent of the math and physical science degrees in Canada. Canadian industry spends only a small fraction of the money on retraining its employees that American industry spends on its employees.

One recent survey found that 17 percent of Canadian high school graduates were functionally illiterate. Imagine that. We spend an arm and a leg putting them through what we consider to be the best educational system in the country and in the world and almost one in five comes out and is qualified a functional illiterate. That says all you ever want to know about some of the problems that are going on in our country.

Another recent survey showed Canadian high school students really near the bottom of the heap in scientific attainment. These obviously are not necessarily conclusive statistics. You may have others. But I think we would all agree, while they may not be overwhelmingly conclusive, they are deeply worrying.

The report of the National Advisory Board on Science and Technology on keeping Canada competitive, the De Grandpre Report for the Advisory Council on Adjustment and the Task Force Report of the Canadian Manufacturers' Association have all called for a special national effort to improve our education system to meet the challenges of the competition. Over the past few months, educators, business people and representatives of professional organizations have been in touch with me expressing their concerns and offering advice.

The education challenges are all the more difficult because we know that it is simply not a matter of pouring in more money. Canada already spends ample amounts on education. Our spending is second only per capita among the industrialized countries of the world, second only, to Sweden. So what we need is not only money, it is value for money. It is results. And I think that we all have our respective roles to play.

For our part, and among other things, we have created the \$240 million Centres of Excellence Program which we announced last month to link Canada's best minds in universities and the private sector. We have also initiated the \$80 million Canada scholarship program in science and engineering which when fully operational in two years will add ten thousand recipients to the program. There will be ten thousand young Canadians actively involved in the program, science and technology, half of them women. We have also launched a major new initiative, the Labour Force Development Strategy, to help unemployed acquire the skills they will need to change with a changing world. And something that has not gotten national headlines but I think deserves a great deal of credit and attention and examination, is a program that we have jointly developed with New Brunswick and Newfoundland and Labrador, a very encouraging, a most encouraging program, to persuade young people to stay in school and complete their education. I am told by Minister Charest and by Premier McKenna, who were the principal negotiators of this, that the results are most encouraging. And it is this kind of pilot program, largely unheralded, that can do an enormous amount of good for our young people.

Mais il faut faire d'avantage. La qualité de nos ressources humaines qui sera le facteur déterminant de notre capacité concurrentielle et le moteur de notre prospérité future est une question nationale. Il ne s'agit pas d'une question fédérale ni d'une question provinciale ni même d'une question qui concerne uniquement les gouvernements. Il y a des éducateurs, il y a des parents là-dedans qui sont préoccupés par le sort de leurs enfants. Quelles sortes d'emplois seront disponibles pour nos enfants dans dix ans, dans quinze ans, dans vingt ans? Est-ce que nos enfants seront préparés pour rencontrer le défi du marché? Il s'agit effectivement d'une question nationale qui exige une solution nationale.

Mais attention. Je reconnais que les domaines de compétence doivent être respectés et je vais les respecter. Je n'ai aucune visée secrète. Je ne cherche pas à étendre nullement la compétence fédérale. Ce que je propose aujourd'hui aux Premiers ministres, aux provinces et au Canada, c'est du leadership national et beaucoup de collaboration, de coopération.

I propose that we collectively, if possible, establish a national task force on human resource development for the year 2000. Its objective could be to assess Canada's human resource development needs to meet the competition in the year 2000 and

beyond. It could be written in broad brush strokes by Canadians, with the input of Canadians, from across the country without in any way impinging upon jurisdictions or usurping constitutional authority allocated elsewhere. I think we will have an opportunity to discuss this idea further in our session this afternoon.

The obligation we have to future Canadians, to our children very briefly is also at the heart of our environmental policies. The model of economic development that we and others have followed since the industrial revolution which delivers economic growth at the expense of environmental health is no longer acceptable. We need to build a new model. A model that puts us ahead on the environmental curve. A model that prevents environmental damage while it provides economic growth. And cooperation will be absolutely essential.

The public has little interest and less patience with jurisdictional bickering in this matter. Federal and provincial governments and industry and the universities and consumers all have their roles to play. We will have an opportunity to discuss such sustainable development programs tomorrow morning.

Finally, everybody knows that political stability is a precondition to both competitiveness and economic prosperity. And I think, and I have always thought, that ratification of the Meech Lake Accord is fundamental to Canada's political stability.

By ensuring that all provincial governments are at the table finally, the Accord will unite the country and equip us to make head-way on other constitutional issues such as Senate reform -- that we cannot even get to without resolving this matter -- linguistic and aboriginal rights and strengthening of the Charter of Rights and Freedoms. We will discuss the Accord again. We did last night and we will later during this meeting.

If our governments can work together on these challenges -- there they are. You may have other ideas and perhaps you have other items to add but I believe our fundamental challenges, and this is a First Ministers' Conference on the economy, our fundamental challenges are economic and fiscal management, competitiveness, sustainable development, education and constitutional renewal.

If we can deal with these, all Canadians in every region will benefit now and in the future. The buck stops with us, the First

Ministers. It is we who have inherited the legacy of our parents, it is we who must protect the interest of our children. It is we who must keep faith with the idea of Canada.

Cet idéal en peu de mots c'est que des gens de langues, de culture, de races et de croyances différentes puissent vivre ensemble en harmonie, se respecter mutuellement, s'enrichir les uns les autres au contact de ce pluralisme et de cette diversité tout en contribuant par leur imagination et leur travail à taillé au Canada une place de choix dans le monde.

It is an idea, a simple idea that is premised upon the dignity of every human being, every family, every community, every province and every region. You and I and our fellow Canadians from coast to coast who share our commitment to this idea could not unite in a more compelling or historic cause or a more urgent one.

The cause is Canada. One Canada. We cannot continue with a constitutional situation where one of our founding peoples and one of the important provinces of Canada which is the home for the vast number of French speaking Canadians is not a willing partner and a willing contributor and a willing signatory of the Constitution.

Much has been made of the Québec round. I ask you to consider a constitution not with Québec out, with Ontario out. Let us say that in 1981-82, for whatever reasons, the Premier of Ontario and the people at Queen's Park had decided that the Constitution of Canada was not in the interest of Ontario. And very respectfully, they took their leave of the conference and they returned to Ontario and a resolution passed Queen's Park in this regard.

Our most populous province, the industrial heartland of Canada, the province of Ontario would not have given its consent to the Constitution. Do you think for a second that there would have been a Constitution in Canada? Do you think for a second that there should have been a Constitution without Ontario?

I want to tell you very clearly that there are no circumstances whatsoever, none, under which I would have contemplated patriating and signing a Constitution without the support of the province of Ontario because for me, a Constitution without the willing support of Queen's Park and Ontario is no constitution at all. Why then should it be any different for the province of Québec?

Why should there be any quarrel with our obligation, as Premier Getty has said eloquently in the past, our moral obligation to search honourably for a compromise that makes Canada whole again?

And it's easy where French-speaking Canadians are a minority in Canada to say that "you have given too much to the French. You have caved in to Québec". That is easy. When the constitutional process was flawed because Québec was not brought in, we were deprived of the flexibility inherent in the global negotiation. And so when you have to deal bilaterally with Québec, it appears that you are giving away things to Québec. In much the same way as if there had been an Ontario round, people could have criticized us for giving away things to Ontario in an honourable search to bring Ontario in.

Why do I mention this at an economic conference? Because just as surely as summer follows spring, you are going to find out that in the absence of constitutional harmony and peace in Canada, the impacts on the economy come very quickly.

Investors are attracted by political stability. International investment flows to areas of the world to the extent possible where people have sought to establish internal domestic fairness and tolerance. And I am not preaching for my parish at this point in time and I know that there will be another occasion for others who hold different views, today and tomorrow, to respond and to give us the benefit of their opinions.

I speak as one who initiated this process of consultation. It did not take place before -- on the economy -- with First Ministers. And I did it because I could not conceive of a country operating unilaterally by fiat from Ottawa, that we needed the input of the provinces. And that, to me, is not a sign of weakness; it is a sign of enlightened co-operation and leadership. And the evidence of our success is the economic record of the last five years. Five years of greater economic growth and expansion that Canada has ever seen in its modern history.

And I believe that a large measure of that comes from what you have done around this table -- the reasonableness, the sensitivity, and the leadership of First Ministers coming together gives a signal not only to Canada but to the world that we are a united and strong nation.

C'était ça l'objectif, non seulement des conférences sur l'économie et les conférences sur la Constitution. C'est quoi cette Constitution sans le Québec? C'est quoi ces manières-là de prétendre que nous avons un pays sans l'adhésion libre et volontaire du Québec? Ce n'existe pas ça, pas plus que si l'Ontario avait été exclu ou avait choisi de ne pas signer la Constitution.

Alors, voilà le défi, pour toute sorte de raisons -- des raisons nobles, des raisons honorables, des raisons terre à terre. Il faut absolument non seulement travailler sur les questions économiques mais trouver cette formule honorable qui va permettre au Québec à des conditions tout à fait légitimes d'adhérer officiellement à la Constitution de notre pays merveilleux.

I have just come back and I will conclude on this. Some of you, as I say, have travelled. Anybody who has travelled around the world -- you have seen some of the competition nevertheless comes back. My only advice to Canadians would be to get down on your knees and thank God when you come back for giving us this country, Canada.

This is a marvelous, magnificent nation, without parallel anywhere in the world. But nothing should be taken for granted. Presumption is still a sin, and we should be conscious of our obligations as leaders to always be working on the fundamental question that has brought us this prosperity and this tolerance and this freedom. And that, above everything else, is unity. Unity is the linchpin of our growth; it is the linchpin of our prosperity; and it is the cornerstone of our future. Without unity, that future is not what it could be or what it should be.

And so, I thank you all colleagues for being here. I know we will have a very good discussion, as we did last night, not only on the economy but on everything else.

With that thank you for your indulgence. I turn to my friend the Premier of Ontario.

HON. DAVID PETERSON (Premier of Ontario):

Let me also thank you. In your concluding remarks, you attested as to the place of Ontario in Confederation and you said

that you would never do anything that Ontario did not agree with. Is that what I heard you say, sir?

THE CHAIRMAN:

No, no.

HON. DAVID PETERSON:

At least in constitutional letters.

THE CHAIRMAN:

I did not go that far.

HON. DAVID PETERSON:

Well, I wanted to compliment you on your judgement and say "I see that that principle should be transferable in a number of other policy issues".

Je veux dire à mes nouveaux collègues, Clyde Wells et Gary Filmon, bienvenue à cette table. C'est un mécanisme important et unique dans l'histoire du fédéralisme rentable pour enlever les différences et pour trouver les choses que nous avons en commun pour construire un pays plus fort.

There are many strong things said at this table, publicly and privately, but I still believe, Prime Minister, this is a very wholesome part of our federation -- our Confederation.

I never leave these conferences but that I do not have a little better understanding of other parts of this great country, as interpreted by their First Ministers, and I always have a sense that, at the end of the day, there is an enormous amount of good will.

I have seen some heroic sacrifice of personal interest at this table -- personal political interest for the good of this country and I am very proud to be a member of this group, representing my province, because I think we all recognize that the history of

Canada is the history of a collective will. And I see that now as vital as any time in our history.

We are facing global challenges, as the Prime Minister has described, the likes of which we have never faced in the history of this country and, at the same time, we are beset by regional tensions, the likes of which I have never seen in this country.

I am confident that together, with co-operation, we can master some of the external challenges we face, but only if we overcome the ones that we have within. We have developed a unique federal system. It has been organic in nature; it has grown; it has changed. And it will continue to grow and change over the years.

But it is recognized that diversity of this country has allowed regions to express their individuality, yet at the same time has found the common good when that was necessary. And we have always, for the last 120 years, believed that our diversity was one of our great strengths in this country. And when we travel and when we promote this country, we talk about that -- our bilingual past, our multicultural and multilingual present and future. It is something we are enormously proud of and I can say to my colleagues: "No, we are the envy of the world". And because we are the most advanced multicultural nation in the world, that is something we should be enormously proud of.

But it requires flexibility and it requires judgment and respect for others. Lord Acton once said that a great democracy must either sacrifice self-government to unity or preserve it with federalism. And we have preserved it with federalism. We have used it as a tool to build a nation. Now we must not use it as a wedge to drive us apart.

I say to my colleagues in candour that I have never been more concerned than I am at the present time. I see this country retiring into solitudes: linguistic solitudes, regional solitudes, economic solitudes, cultural solitudes. I see more pressure on the system than I have seen in my lifetime in politics. I have seen the atmosphere of this country change quite dramatically in the last couple of years.

Those that are not mean or angry are passive. Let us not forget that we started this decade with a ringing endorsement of this Confederation that engaged millions of Canadians in the great debate over the Referendum. Promises were made. It was debated

in every school yard; it was debated in every home; it was debated right across this country. Canadians were engaged in that fight.

And I do not see that same engagement now. I see too much passive resignation, at least amongst those that are not angry at somebody about something or other. And it would be a terrible way to close this decade if we -- the one that started with the confirmation of Confederation -- to see what we have slip away.

I believe that two of the great constitutional achievements of this decade of being the patriation, and there were enormous compromises in the patriation. Some of my colleagues were there. John Buchanan and others, and they tell stories about that, and we have got an history of that in the Meech discussions that I think are instructional to all of us. It is not easy doing these things. But ultimately we are responsible. Responsible for the country, responsible to the people that we elect. I believe that this secures Québec's place in Confederation. I believe it does it in an honourable way. I do not believe it destroys or decentralizes this nation -- anything that is unreasonable in a cooperative federalism. I do not believe that the distinct society is going to create a monster or devolve powers or create special new status that is not compatible with the unique and distinct nature that we all know Québec has. It is a statement of fact. And I also know how terribly divisive this is. I know the symbolism that has become attached to this issue.

I would not be so presumptuous to try to interpret the mood in Québec but let me try anyway. To me, to many of the Québécois I have talked to it is something, there is a French word "appartenance", the symbol of belonging. There are many people in this country who are not constitutional experts. But in Québec's point of view it is a symbol of belonging to this country. It is an honourable way to join the Confederation that they did not join in 1982. And I ask us all to reflect on that, that symbolism attached thereto, if we cannot find a resolution. Just as I understand there is symbolism in the rest of this country, that it is only Québec's round, it does something special for them, they have been asking for too much. I do not like the notwithstanding clause. I do not like Bill 178. They are diminishing the rights of anglophones. Let us get them back and reject Québec. And I tell you my friends I reject that argument absolutely out of hand as well. I know the pressures for every one of us. But I hope desperately that when we leave this Conference, none of us will do anything to deepen the wound. I do not expect a resolution within

the next day or two. I expect a deeper understanding of the issue. But hopefully, in the next six months we can seize this historic opportunity to bind this country together.

Now Prime Minister, I always try to be positive. And there are many, many things we have in common and I want to speak to a number of things that you addressed in your remarks. But I think at the same time it is fair to say there are a number of issues on which we do disagree. I listened to your eloquent plea on the budget and debt reduction and you are right. It is a problem we all share as Canadians, but I just remind you that many of us have dealt with those problems in much more substantial ways than the federal government has for the last five or six years. When we had an opportunity in the greatest boom in the history of this country.

You criticized some provinces were spending more. That is indeed the case. In some cases because you were spending less, in many cases. And this goes beyond just transfers to provinces. I am one of those who is concerned about transfers to education and health care, two of the most essential programs I would argue in this country. I certainly understand your pressures. But at the same time there is many other aspects to this question of fiscal policy, tax policy, revenues, and you have to stand accountable for your cuts in capital gains tax or personal income tax, and a lot of other things. Yes, we looked at an entire package and all the burden cannot be just borne in one place.

I understand as well what you are saying on the Goods and Services Tax. We have all said as it stands it is unacceptable. I have heard your criticism of the Manufacturers' Sales Tax and what it does to productivity but it is your government that has raised that tax 50 percent over the last few years from 9 to 13 percent. It relates to many other fiscal and monetary issues on which we have to work together. I heard you this morning that you do not like the Conference Board of Canada report, that was commissioned by the provinces, on the Goods and Services Tax and you have every right not to like it. Just like a lot of people frankly do not agree with your Minister of Finances' analysis of the Goods and Services Tax either and would challenge the assumptions therein. We can get into, if you would like, a big fight of your expert versus the other experts, or this report versus that report. I have seen those on many occasions. We can argue the credibility of the numbers. We can also go so far as to call each other liars if we want to. But I do not think that is very constructive in this debate. I have seen endless reports from

all levels of government. I recall many, and I will not name them, that frequently are off the mark. I do not think anybody is here to try to attest to the veracity of that but we are worried about that. We are worried about the inflationary macro-economic impacts of that report. We are worried about the complicated nature of it and my colleagues have a lot of other concerns as well.

We are very concerned about interest rates. I have heard the Minister of Finance and I have heard the Governor of the Bank of Canada on this subject endless times. Suffice it to say that many of the exporters that I have talked to tell me that the exchange rates and the price of the Canadian dollar is the single, biggest problem that they have, and rather than bragging about the high dollar that we have today, they are worried about it. That is not what they want to hear. They want to hear something else. And it is hurting our exporters and we think, and there are substantial body of economic experts -- and I do not want to again get into this expert versus that expert -- who disagree with the high interest rate policy. I understand the Minister of Finance's responsibility and the Governor's responsibility in this regard. But they have to understand that there is a wide variety of other opinion in this country and I think the provincial premiers to a person share that.

I have talked about transfers, Prime Minister, and I am worried about that. Medicare is, I would argue, the single most important social program we have in this country. It describes the essence of Canadians caring for each other, accessibility for all. We are facing an enormous challenge and we cannot afford to cut back in those areas in our education that you talked about and I will address that in a moment.

I also worry, sir, about cut-backs in infrastructure when they are important not only to bind this country together. We all know the importance and the symbolism of rail and national broadcasting systems in the development of this country, but I would argue even in the future as well. And we must find new ways to build that infrastructure for the benefit of Canadians.

So let me, sir, follow-up on some of your remarks and try to assist in building a consensus around this table of things that we can do in common. There are many things all levels of government can do on their own and should do on their own. The question is for this table, what can we do more effectively together.

I congratulate you on your interest in education. I agree with the remarks that you have made. I agree with your premise that the new wealth of nations will be found between our ears and not under our feet. We in Ontario are putting an enormous effort into this. I will not tell you all the details. Early childhood education, technology education, and a lot of other things. But there are areas in which we can cooperate together. We will happily cooperate in the task force that you would like to set up. That is not a problem. But at the same time, you do have a responsibility for long-term training and income support, and many things we can do. I want to table today, for your consideration, a new approach in this area to build a flexible and trained workforce that has been developed through the Premiers Council in Technology, a joint group of business, academics and labour, wrestling together where we have a new approach that will put job training in the hands of the real partners in the market place, labour and business, and we believe that this will be a thoughtful contribution to the kind of discussion that you want to have and I commented to my colleagues, if they are interested, we can work together, I believe in this area.

Number two, I agree with you absolutely on the question of research and development. It is something we have talked about for a long time. My colleague John Buchanan has had a profound interest in this and hosted a conference just last year on this question. Our record is off. The Economic Council report that you referred to, this question again it is a serious structural weakness. Your Centres of Excellence, I believe, are a good addition. You have identified the problems. There are other problems as well, and part of it, I believe, is the high degree of foreign ownership in this country as well. Perhaps we will not get into that problem today.

But I believe we must develop a strategy and tempt the national will to change this. I believe, sir, that we should go out of this conference adopting a national target of 2.5 percent by the year 2000 and we should work together. There is a provincial consensus in this matter at the present time, so I am told. I believe that that has to run higher on the national agenda. I believe it to be a battle of critical importance to our economic well-being and I would invite your help and your cooperation in that regard. You are quite right. Governments are doing a lot, not to say that none of us could do more, but we must mobilize the private sector into their responsibilities. And we must not let this economy become a warehouse economy. This is not

the time to debate the effects of free trade and what is happening to our country. Suffice it to say, I am worried. I do not see it as glowing as you do. I see evidence that it is not working all in our favour, but we must make it work in our favour, and the only way to do that was investment and education, research and technology, the real intellectual infrastructure of this country in my view.

Number three. I agree that we must today, tomorrow, all sign up to a united market in this country. It always struck me as an incredible irony during the great debate we have all had that we advocated free trade with the United States and did not inside of our own country. Frankly it is an international embarrassment and is bad economics as well. It is good economics to have free trade with the United States. Surely it is good economics to have free trade in our own country. We must tear down every barrier. Many of you put a big effort into this. Frank McKenna has been leading a fight on this. I say we should walk away from here not only signing the agreements, but making a strong declaration that Canada will be a one hundred percent open market in all respects.

That will be a strong affirmation of faith in our country as well, and we need those affirmations of faith in our country right now, in my view.

Number four. I believe, sir, that we cannot neglect the question of infrastructure. I have listened to my colleagues on many occasions. Roads in New Brunswick and transportation in the Maritimes, railways in the West as well, and how important they are to the sparsely populated land, this great vast land, that we all occupy. As I said it was not an accident that this country was put together, and it was put together on the base of Canadians talking to each other and travelling from place to place across the country.

I believe that infrastructure can be part of our new dream for this country. I believe that we can use high technology to rebuild the old symbols. One hundred years ago we led the world in railroad technology. We can do it again. Québec and Ontario are working now on a high speed rail corridor between Montreal and Toronto, Québec City and Windsor, if that is possible. I believe that our rail corridors over the next one hundred years will perhaps be our most important linkages, even though they are under some economic pressure at the moment, and I understand that. But it would be a terrible mistake to retreat from that as I believe,

as I said for environmental reasons, economic reasons, and others, they will become more important. I agree with the report that was tabled, I gather, by the Transport Committee of the Commons, yesterday, an all-party committee, including some of your own members, that there should be a moratorium on those VIA Rail cuts until we can replace that with a new vision of how to bind this country together.

We are a world leader in telecommunication. It was an accident. We needed them to bind this country together. There is no reason we cannot be world leader on other forms of transportation to keep this country together and I think this is one.

Number five. I think we have to look at new ways to bind this country together with national energy infrastructure. It is a tragedy we do not have a national grid for electricity. We should be sharing it back and forth. Premier Filmon and I are working on ways to cooperate. Premier Bourassa, Premier Wells, and all of us together are looking at ways we can together use the resources that we have for the benefit of Canadians and cooperate with each other. I do not believe our first response when we looked at the vastness of our energy resources should be "how do we flog it up to the highest bidder south of the border". I think the first question we should ask is "how do we use this for the benefit of all Canadians?" There are many things we can do in that regard. In my view, I am happy to say that there is a lot of cooperation and discussions going on at the present time, but we can build on that.

The sixth point, is the question of the environment that you addressed and with which I agree. I am one of those that is comfortable with national standards. I think there are many things we can do together in the environment that we cannot do alone.

Standards on packaging, for example. We must accelerate that. Standards on emissions, and there has already been progress and the Knox Commission of the California Standards for automobiles. I believe that we should continue to develop on that regard to make sure that everybody is on a level playing field that we bring the marketplace along and I believe that we can be a lot stronger together than we are apart in the era of the environment.

Prime Minister let me just say in conclusion I remember the atmosphere around this table from two and one-half years ago or when Meech Lake and Langevin was negotiated. I remember that we

had eleven governments and three national parties. And we still have the leadership of the three national parties supporting these new constitutional arrangements. I recognize they are tough on all political parties. They are tough on nine and they are tough on everybody's. There are splits and that is not unreasonable in a country of our size or magnitude. As I said I know the pressure on every one of us to take a different course. And I also respect the fact that some people intellectually have a strongly different point of view. But I believe if we do not grasp this opportunity, it will lead to a constitutional stalemate. I do not want to be overly dramatic but I fear the consequences of not seizing the opportunity. History is filled with people that seized the opportunity because it was right and germane at the time. And it is also filled with people that did not do that and they are generally on the failure side of the equation.

I believe if we do not do this, proceed, it could have potentially destructive ramifications for our country. I believe it could put us into a constitutional quagmire where we would sit here and spend all of our intellectual and political energy trying to bind this country together rather than talking about some of the other things. Whether it is education, health care, trade policy, or whatever. And we cannot afford as a nation two, or three, or four years of constitutional naval gazing. We have got to be reaching out and going on to the next opportunity. I believe it was an honourable arrangement and it was achieved over a long period of time. It took time. It took compromise and there was a lot of blood on that table at the end. There was everybody's blood.

So Mr. Chairman I hope that we can, out of this conference, achieve the things that we have in common, recognize that there are things that we do not have in common, and that is a fact of life, but emphasize the things that we do have in common and that we can build on together.

Frank Underhill once described a nation as a group of men and women who have done great things in the past and hope to do great things in the future. I think we all hope to do great things in the future.

Merci, Prime Minister.

THE CHAIRMAN:

Thank you Premier Peterson for a very constructive approach to our deliberation.

J'aimerais maintenant demander à l'honorable Robert Bourassa, le Premier ministre du Québec, de prendre la parole.

M. ROBERT BOURASSA (Premier ministre du Québec):

Merci monsieur le Président.

Je voudrais d'abord souhaiter la bienvenue aux deux nouveaux venus, monsieur Filmon, Premier ministre du Manitoba et monsieur Wells, Premier ministre de Terre-Neuve.

Je crois qu'il est important comme vous l'avez fait d'une façon très pertinente de faire un bilan après plusieurs années de croissance économique et nous sommes en bonne partie d'accord avec les conclusions que vous avez tirées. Il est important dans une période où les pays à cause des regroupements économiques et de l'accroissement de la compétition internationale, il est important que le Canada demeure et essaie d'avantage d'être un pays productif et capable d'innover. On me permettra à cet égard quelques mots sur les trois outils d'administration fédérale soit sa politique monétaire, sa politique budgétaire et sa politique fiscale.

A deux reprises, les Premiers ministres des provinces, soit à Saskatoon en août '88 et à Québec en août '89, ont insisté sur la nécessité de faire un effort pour réduire le niveau des taux d'intérêt. Les raisons qui nous motivaient pour faire ces recommandations sont loin d'être atténuées. Au contraire, elles ont été renforcées par certains événements des derniers mois. Il y a eu évidemment ce ralentissement économique qui était plus ou moins inévitable après une période de plusieurs années de croissance économique rapide; ralentissement économique qui forcément a son impact sur le niveau des revenus canadiens et qui s'ajoute pour ce qui a trait aux finances canadiennes aux problèmes du déficit qui s'accroissent par le haut niveau des taux d'intérêt.

On doit quand même constater, monsieur le Président, certains événements qui devraient inciter l'administration fédérale à rechercher une baisse de ces taux d'intérêt. Nous avons connu depuis quelques mois un certain ralentissement du taux d'inflation. La moyenne des trois derniers mois si elle est appliquée sur une

base annuelle est de 3.6 pourcent. Le dollar canadien, comme vous l'avez mentionné il y a quelques instants, est à son taux le plus élevé depuis dix ans augmentant la pression pour nos exportateurs. L'écart entre les taux d'intérêt canadiens et les taux d'intérêt américains est de quelque quatre cent cinquante points de base. C'est probablement un niveau historique quant à l'écart entre les taux canadiens et les taux américains.

Il faut également signaler que ces taux d'intérêt élevés se trouvent à accroître les disparités régionales puisque ce sont les provinces les plus endettées qui sont les plus pénalisées par cette hausse des taux d'intérêt. Nous connaissons maintenant un ralentissement économique et du moins pour, il semble-t-il, un ralentissement de l'inflation qui justifie plus que jamais une diminution significative des taux d'intérêt canadiens. Autrement on peut se demander si l'objectif de réduire le déficit canadien ne deviendra pas une mission impossible étant donné l'importance de la dette canadienne et comme vous l'avez dit, monsieur Premier ministre, étant donné le fait que déjà nous devons consacrer près du tiers de tous les revenus canadiens au service de la dette, c'est-à-dire la proportion la plus élevée de tous les pays industrialisés.

Nous sommes sur le point, comme je l'ai dit à quelques reprises, de tomber dans le piège de la dette qui fait que pour payer le service de la dette il nous faut emprunter d'avantage accroissant du même coup ce service de la dette et tombant dans un cirque infernal qui menace de déstabiliser les finances canadiennes.

Il nous faut aussi constater que ce niveau du déficit canadien a des conséquences sur la politique budgétaire puisqu'il doit, pour réduire ce déficit, impliquer une réduction des dépenses pour le développement régional. Et encore là, comme dans le cas des taux d'intérêt qui affectent d'avantage les provinces les moins fortunées, la réduction des dépenses pour le développement régional affecte aussi en même temps ces provinces les moins fortunées avec comme résultat que l'écart au Canada entre les provinces les plus fortunées et les autres aura tendance à s'accroître encore d'avantage.

On me permettra, monsieur le Président, à cet égard soit sur l'application de la politique budgétaire fédérale, on me permettra de corriger une perception qui persiste dans certains milieux à

travers le Canada à l'effet que le Québec recevrait un traitement privilégié au sein de la fédération canadienne.

This misconception could not be further from reality as indicated by the distribution of federal spending and especially transfers to the provinces.

First of all, the change in federal transfers during the period from 1984 to 1987 has not benefitted Québec in particular, far from it. These transfers rose by 2.4 percent annually in Québec during this period compared to 7.6 percent in other provinces as a whole. When we consider total federal spending during the same period, that is from 1984 to 1987, Québec's share of federal spending fell from 24.4 percent to 22.9 percent, significantly below its share of the population which was 25.7 percent in 1987.

Can a province whose federal transfers have fallen in real terms, which is receiving a smaller share of federal spending and whose unemployment rate exceeds the national average really be seen as a privileged member of the Confederation?

Le troisième outil du gouvernement fédéral a trait à la politique fiscale. Il convient donc à cet effet de traiter de la taxe fédérale sur les produits et les services. On sait que vue les problèmes soulevés par l'actuelle taxe fédérale de vente aux manufacturiers, les provinces avaient accepté dès 1987 de travailler en collaboration avec le gouvernement fédéral à la mise au point d'un scénario de rechange. L'interruption unilatérale par Ottawa de la concertation intergouvernementale qui avait prévalu jusqu'en avril dernier a engendré un projet fédéral inacceptable ainsi que les provinces en ont convenu à Québec les 21 et 22 août derniers.

Parallèlement au désengagement financier du gouvernement fédéral, l'introduction d'une taxe de vente fédérale sur les produits et services viendrait modifier considérablement les équilibres fiscaux entre Ottawa et les provinces. De plus en l'absence de concertations, le gouvernement fédéral crée les effets suivants: il remet en question le partage des pouvoirs de taxation à l'avantage du gouvernement fédéral et de ce fait met en péril la capacité des provinces à s'acquitter de leur responsabilité constitutionnelle. Il menace à court terme l'économie du pays vu notamment ces impacts à la hausse sur l'inflation, les salaires et les taux d'intérêt.

On n'a pas à expliciter longtemps le risque que comporte une augmentation du taux de l'inflation résultant de la taxe fédérale, le risque que cela comporte sur une augmentation consécutive des taux d'intérêt avec l'influence sur le déficit canadien. Donc ce que l'on pourrait gagner en revenus additionnels pour assoupir la situation financière canadienne, on risque de le perdre par une augmentation du niveau du déficit canadien et comme on vient de le dire, est l'un des plus élevés du monde industriel.

Enfin il implique pour les gouvernements, selon nos chiffres, les gouvernements provinciaux, un fardeau additionnel qui pourrait atteindre plusieurs milliards de dollars. Il n'est pas nécessaire que la réforme des taxes à la consommation comporte de tels désavantages. Pour que celle-ci serve véritablement les intérêts économique du Canada, il est essentiel que les provinces y soient associées tant et aussi longtemps qu'Ottawa n'acceptera pas de revoir son projet de taxe de façon à minimiser l'impact négatif sur l'économie et les finances provinciales, à respecter le partage actuel des champs de taxation entre les deux ordres de gouvernement et à simplifier l'administration du régime fiscal, le Québec s'opposera à la mise en place de cette taxe.

D'ailleurs dans un autre dossier très important, nous avons réussi une collaboration efficace entre le gouvernement fédéral et les provinces. En effet ce genre de collaboration recherchée par les provinces a d'ailleurs permis des résultats fructueux dans des domaines tels que les négociations entourant le traité de libre échange canado-américain. A cet égard, la concertation fédérale-provinciale doit se poursuivre en vue d'une participation efficace et authentique des provinces à la mise en place de cet Accord. Les Premiers ministres des provinces, à leur conférence d'août dernier, proposait la conclusion d'une entente fédérale-provinciale en ce sens.

Je souhaite que le Premier ministre du Canada donnera son accord de principe à cette proposition avant la fin de la conférence. Nos échanges récents avec le gouvernement canadien indiquent la volonté fédérale d'une étude approfondie et d'un règlement concerté de cette question entre Ottawa et les provinces avant la fin de février 1990. Par ailleurs, dans le cadre des négociations du GAP, le milieu agricole québécois et le gouvernement s'attendent qu'Ottawa continue à défendre nos programmes de stabilisation de revenus et des prix agricoles et nos offices de commercialisation et qu'ils satisfassent les préoccupations

québécoises relativement aux productions canadiennes contingentées, les subventions agricoles et les droits compensatoires.

Finally, Mr. Chairman, I would like to say a few words about a subject which seems quite appropriate these days: the ratification of Meech Lake. The last time I talked about this question in this room was the third of June 1987. On that day, for the first time in our country's history the Prime Minister of Canada and the ten provincial Premiers formally signed an historic accord committing their governments to take the necessary action to bring back Québec into the constitutional fold. In so doing, the Prime Minister and Premiers were following up on a political commitment given by the Prime Minister of Canada in 1984 and on a unanimous decision the provincial Premiers made to first solve the problem created in 1982, when the Constitution was adopted without Québec's consent before seeking solutions to other Canadian constitutional problems.

It is relevant to mention that this action was condemned by all parties in the National Assembly.

The government of Québec has always respected these decisions and, as I said in June 1987, it is with pride and some emotion that Québec shares in the joy that all Canadians feel at recognizing the Meech-Langevin Accord as an unprecedented historic attempt to maintain and consolidate the unity of our country, Canada.

It took some 120 years to reach an agreement of such importance. If not ratified, how long will it take to repeat that achievement. Québec occupies a crucial and unique place in Canada's history, not only as a member of the Canadian federation but also as the bastion of one of the two great cultural expressions of the Canadian identity in North America.

More important still for the future of our country, the Québec presence within Canada and the participation of all Québécois in the life of our country are essential to Canada's ability to successfully meet modern challenges while remaining profoundly Canadian.

For most Québeckers, Canada is the first choice and I would like it to remain that way. That is why the ratification of the Meech Lake Accord represents an historic opportunity for Canada.

The Meech Lake Accord is obviously not perfect but its value is undeniable. On a legal level, there are no significant problems with the Accord, as the Attorney General of Ontario's remarkable studies demonstrated. On the political level, the Accord in no way prevents discussion of the legitimate constitutional issues not covered by the Accord from the beginning -- almost as soon as it is ratified, quite the contrary.

Il paraît essentiel d'abord de reconnaître dans la Constitution de notre pays la réalité historique, sociologique et politique du Québec au sein du Canada. Tous les Premiers ministres du Québec, depuis Monsieur Jean Lesage, ont sur cet aspect essentiel tenu le même langage dans le domaine de la révision constitutionnelle.

Deuxièmement, cette entente du lac Meech répond à un but bien précis, comme le rappelait récemment un grand canadien, l'honorable Robert Stanfield.

The basic purpose of the Meech Lake Accord is to bring Québec back into the constitutional life of Canada. The constitutional package of 1982 was unacceptable to the government of Québec of the day -- is unacceptable to the present government of Québec -- would have been unacceptable to any past Government one can recall or any future government of Québec one can imagine.

C'est pourquoi profondément convaincu de la valeur intrinsèque de l'entente du lac Meech pour le Canada tout entier, je ne puis concevoir que cette entente ne puisse pas être ratifiée.

I cannot believe that anyone could decide to rescind the decision made in Edmonton, to first solve the problem of Québec, or to rescind the written commitment made by all the Premiers on June 3rd, 1987, to have the Accord adopted by their respective Parliament. How could we act as if the government of Québec and the National Assembly of Québec had accepted the Constitution Act of 1982? How could we tell the Parliament of Canada and eight legislative assemblies to start again from zero? How could we, in the eight months before June 1990, find a solution to the entire country's constitutional problems, sign a new Accord, and have it ratified by the different Parliaments?

How could I, as Premier of Québec, ask the National Assembly of Québec to rescind one constitutional resolution in order to propose a second resolution in its place that would represent a

reduction in Québec rights? Therefore, re-opening the Meech Lake Accord is tantamount to destroying it.

Comment pourrions-nous, Monsieur le Président, prendre une telle décision alors que nous avons la chance unique avec l'Accord du lac Meech de permettre à notre pays d'être plus uni que jamais pour faire face aux exigences constitutionnelles à venir et également à celles combien importantes du libre échange, de l'assainissement des finances publiques, de l'environnement, de la technologie, et de la croissance économique du Canada et du mieux-être de tous les canadiens?

Je vous remercie.

LE PRÉSIDENT:

Mes remerciements au Premier ministre Bourassa et maintenant, comme Président de l'Assemblée, je vais invoquer une autre de nos grandes coutumes canadiennes, la pause-café.

We will take 10 minutes and we will be back with the Premier of Nova Scotia.

COFFEE BREAK - PAUSE-CAFÉ

THE CHAIRMAN:

Colleagues, can we begin, please.

Nous allons commencer avec le prochain intervenant. Je demanderais aux médias de cesser, pour l'instant bien sûr, leur rencontre et de bien vouloir s'asseoir. Je demanderais aux participants de se joindre à nous ici à la table.

May we begin please. I would ask the media to please put the microphones away for the moment and we will resume our deliberations. I would ask all First Ministers to join us at the table. We will resume, colleagues, by hearing now from the Dean of Canada's Premiers and indeed First Ministers, The Honourable John Buchanan, the distinguished Premier of Nova Scotia.

HON. JOHN BUCHANAN (Premier of Nova Scotia):

Thank you very much Prime Minister. I do not know whether I like the term Dean or not. I am still such a very young man that I do not think that it is appropriate.

Mr. Prime Minister as the senior man around this table -- I was told earlier today that this will be my seventeenth conference. That is a lot of conferences. A lot of different faces around the table since the first one I attended way back in 1978. But as the Dean of the group around this table I also want to welcome Premier Wells and Premier Filmon to their first conference.

Mr. Prime Minister I want to point out at the outset that today I am wearing the newest Nova Scotia tie. It was given to me just this morning and you will note emblazed on that tie the Coat of Arms and the flag of the oldest province of Canada, Nova Scotia.

By the way, the first flag chartered to a British colony anywhere in the world, chartered to Nova Scotia way back in 1621 by James I of Scotland and James VI of England. I hope I have that right. If I do not then Duncan Fraser will be very upset. It might be the other way.

HON. DAVID PETERSON:

Where you Premier then?

HON. JOHN BUCHANAN:

No but Elmer McKay will recall it though.

THE CHAIRMAN:

Its the other way around and you weren't Premier then.

HON. JOHN BUCHANAN:

Now depending, Mr. Prime Minister, on how successful we are today in reaching a consensus on really anything that is going to

be very important, I just may have one of these ties free to each one of you before we leave here tomorrow afternoon.

Mr. Prime Minister, Nova Scotians believe in Canada. We believe in its future. Nova Scotia was among the first Canadians working with Québec, New Brunswick, Ontario to form this great country. We are and have been fervent Canadians. We want to keep this country together. We want to strengthen Canada.

Mr. Prime Minister, I was part of a process which began over ten years ago, in fact the process began long before that, but for my part, over ten years ago, in an attempt to strengthen the Canadian Constitution. Historians will look back and say that we succeeded but we also failed. We patriated the Canadian Constitution. We enshrined a Charter of Rights. But that Constitutional Accord, we face up to it, was not a big success. Politically Québec was not a signatory to the Accord. I just want to mention also in connection with the Meech Lake Accord that the compromises made by the federal government back in the early 1980's concluding in the Constitution Act, 1982, were ten times the compromises that have been made or were made in the Meech Lake Accord. I think it is important to point out also that at that time -- there has been some discussion about compromises and features of the Meech Lake Accord being in favour of the provinces. Well as I recall and look back, Mr. Trudeau, at that time, made infinitely more compromises and positions as far as the provinces were concerned than the Meech Lake Accord. At that time, Mr. Prime Minister, 7 million Canadians were not part of the process. And so how could it have been a major step in the right direction. However in 1984 the process of bringing la belle province de Québec into the constitutional accords of Canada was commenced. I am not patronizing you sir when I say that under your dedicated leadership and your vision of Canada and the fervour and moderation of the Premier of Québec, Robert Bourassa, with the cooperation of the other Premiers of Canada, we did succeed. I should point out to those of you who may think about an anti-Québec feeling, I want to point out that shortly after the signing of the Meech Lake Accord I was honoured to have Premier Bourassa in Halifax and on that occasion when he was introduced, I know he is a bit shy when I mention this, he received the longest and loudest standing ovation of anyone in that room, including myself.

I point that out because I think it is important in terms of what we are discussing here today and hopefully will be discussing in the weeks and months ahead. But we achieved the Meech Lake

Accord because we were determined and we had the will and the political will to do it. We achieved what some called the unachievable. Ten provinces and the federal government signed an accord. At that time we rejoiced. We toasted Canada. It was again not a perfect document. We acknowledged that. But you know, what in life is perfect. We were pragmatic. We were realists and we concluded an accord in the interest of Canada. Politically Québec would now be a full member of the constitutional family of Canada. We acknowledged in that document what Canadians have known for years. That Québec is a distinct society within Canada. A reality since this country was formed, before this country was formed, back in the 1600's. And Samuel De Champlain founded the first permanent settlement in North America in Port Royal. And Jacques Cartier sailed up the St. Lawrence River. A reality that Québec was to become a distinct society. We have now just reduced that to writing. A recognition of a reality in this country for many hundreds of years. We were pragmatic. Not constitutional lawyers, who have as many opinions as you desire, whenever you desire them. Québec has a distinctive language. It has a distinctive culture. It has the Québec Civil Code. The rest of the provinces, we have the common law. How much more distinctive can you be? So we recognize what every school boy and every school girl in Canada has known for years.

I borrowed that from you.

HON. DAVID PETERSON:

Thank you.

HON. JOHN BUCHANAN:

I wanted you to know that. I want to give you credit for that.

HON. DAVID PETERSON:

That is the best part of your speech, John.

HON. JOHN BUCHANAN:

I read David Peterson's speech that he gave a little while ago and he made that statement and how true it is.

Also today, Premier Peterson talked about leaving blood on the table at Meech Lake. Well, everybody's blood was, in a symbolic way, left on that table. But it is clear that any blood spilled was used well. It was used as a much needed transfusion for the whole country. The country was better off after the signing of the Meech Lake Accord.

At the present time I have a concern for the future of Canada. That is why Nova Scotia today reaffirms our commitment to support the Meech Lake Accord. Meech Lake is absolutely necessary if we wish our country to be reconciled. Meech Lake is not the end of the process. There will be many other constitutional rounds to look after the concerns that some around this table have. It is a new beginning. I think it is important to look at it in that way. The time has come for those who find fault at the various choices and compromises in the Meech Lake Accord to carefully reflect upon the seriousness and magnitude of their concerns and the potential consequences of any unilateral action that may be taken. Nova Scotia does not wish to have a genuine spirit of reconciliation turned into a separation, a separation of the partners, and a separation of our people.

I want to quote just a few paragraphs from a man who twenty-three years ago was my political mentor and today acknowledged by all political parties as Canada's top statesman. The Honourable Robert L. Stanfield delivered a speech at Dalhousie Law School on October 19, began: "I have never been so concerned about the future of my country as I am about the possible defeat of the Meech Lake Accord which would end a special quality of the country I have so loved". That is coming from the heart of a man who has served his province and his country over the last fifty years. The Meech Lake Accord, if ratified by all provincial legislatures, will restore common sense to politics in Canada.

The Meech Lake Accord, if ratified by all provincial legislatures, will restore common sense to politics in Canada. I do not argue that Meech Lake is perfect, but any defects it may have are small indeed compared to the unholy mess it was intended to clear up.

Politics is the art of the possible. It is a matter of choices. English-speaking Canada cannot have everything it wants if it wants to bring Québec back in. I have read a lot of comments on the Accord, learned and otherwise, some moderate in tone and some very immodest. Some critics have expressed concern about the distinct society duality section in the Accord. There are two separate concerns: one, that the clause would give additional powers to Québec; secondly, the clause would enable Parliament and the provincial legislatures to override the Charter.

The all-party joint committee, after hearing constitutional experts, including Pierre Trudeau, decided the clause, which is only an interpretive clause, could not give a provincial legislature power in any area clearly within federal jurisdiction and the clause would be of minor significance in determining the future distribution of powers.

In 1985, Premier Bourassa made proposals to Ottawa and the other provinces which were modifications, and two years of consideration were passed by the government and the Parliament of Canada with the support of all national party leaders and endorsed by the Premiers. Three Premiers who have taken office since the Accord are now raising objections. If Canadians throw away this second opportunity for reconciliation, we deserve our fate.

I am going to have this passed around, Mr. Prime Minister, so everyone can read the full text of a speech made by a great Canadian.

Mr. Prime Minister, I want to address some economic concerns. Nova Scotia, as a full and equal partner in Canada, is determined to compete and win successfully in the global marketplace of the 1990s and the 21st century. To do this, we need your continued help and that of the government of Canada.

I listened intently to your statistics re economic growth over the past number of years and I agree with those statistics. The Nova Scotia economy has performed well through the 1980s. Our agricultural industry has been a strong performer. Farm-gate receipts have grown by 90 percent. The value of the fishing industry over the same period grew by 250 percent. But there are very serious problems in the industry lately. I will speak of those in a few minutes.

Our forestry sector has grown dramatically - lumbering has grown by 40 percent; pulp and paper, 135 percent; the value of mineral production, 108 percent. In the same timeframe, our tourist industry has more than doubled in value to a point where it is now an \$800 million industry, heading for a billion dollars within the next two years.

In the same period, incomes rose by 250 percent in Nova Scotia. In 1978, when we assumed office, Nova Scotian incomes were approximately 73 percent of the national average. In 1989, we have advanced to 83 percent of the national average - impressive growth but still not good enough.

Our goal, of course, is that we will equal the national average. With the help of the government of Canada working with the government of Nova Scotia, I think we can achieve that. Retail trade, in the same timeframe, grew by 270 percent, and the inflation rate today is about half what it was a decade ago.

And so, Mr. Prime Minister, we have done well in Canada and in Nova Scotia. But we must continue this progress. We must maintain and enhance economic growth. However, there are danger signs out there. I believe working together we can turn those signs into positives.

I just want to mention a few of them -- the fishing industry, so vital to the economic well-being of Atlantic Canada and of Nova Scotia, which has been doing well. However, problems are now mounting. There is great fear, and fear is the biggest enemy. There is great fear, in the minds of fishermen that they will be losing their boats, losing their livelihood.

Process plant workers have and are losing their jobs. That industry is so vital to the economic well-being of our Province, we cannot allow it to continue. The problems lie primarily in quota allocations, foreign over-fishing, and differences between offshore and inshore.

The scientists say one thing about stocks; the fishermen, however, will tell us something much different. The scientists, Mr. Prime Minister, are not always right. They are not there on a daily basis. They are not there on a weekly basis. But the fishermen are. I have learned long ago, as I travelled around the fishing ports of Nova Scotia, to listen to the fishermen. They are interested in their future, but they also know the industry. They

know where stocks are and they know where the stocks have been reduced.

In setting quotas, the word of a scientist is not gospel. Fishermen know of times when fish are running, when the scientists are not even there to determine whether they are or are not running.

Someone is going to say I am taking a real kick at the scientists. I am not doing that. I am simply saying that there is a balance somewhere which must be struck in setting quotas between what the fishermen say and what the scientists say.

The problems associated with over-fishing by some foreign trawlers and factory trawlers is growing. This must be stopped. There must be more consultation with fishermen and provincial governments before decisions are made. And that is one of the parts of the Meech Lake Accord -- that there will be more consultation with provincial governments where the fishing industry is located than there has been in the past.

Just a word about the environment, Mr. Prime Minister. There is no doubt that over the last five years great stride has been made in protecting the environment. The greatest challenge, I guess, that politicians today have is to protect the environment for our children and our grandchildren, to ensure clean air, clean water, clean ground. It is a priority, and we are all treating it as a priority.

I will just mention one priority in Nova Scotia. Our coal industry is vitally important to the well-being of Nova Scotia. Thousands of people are employed in the coal industry, but we recognize that it must be environmentally clean. And I am very proud and pleased that we signed an Acid Rain Agreement with you, sir; that we signed an Acid Rain Agreement with the New England Governors and the Atlantic Premiers to limit SO₂. I am very proud and pleased to tell you that we are retrofitting all of our coal burners with gas desulphurization equipment, the new technology to ensure the complete elimination of SO₂ and NOx.

I am pleased to tell you that, after environmental hearings are held, the very first circulating fluidized bedplant in Canada will be built at Point Aconi in Cape Breton. It will be the largest in the world. It will eliminate SO₂ completely; eliminate acid rain from that plant; and eliminate NOx.

We do have problems in the coal industry. I say to you, sir, as I have before -- and to some of your ministers -- that we have some troubled collieries in Cape Breton, primarily the Lingang Colliery, which is vitally important to the coal industry of Nova Scotia. And I want to continue the discussions with your ministers concerned to ensure that that Lingang Colliery will continue.

With regard to rail transportation, Mr. Prime Minister, Nova Scotians, as you know, oppose the cutbacks in VIA Rail service. We believe that it was untimely to eliminate, particularly, two feeder routes in Nova Scotia that I must mention, especially in a time when the Halifax to Sydney road -- the Truro to Sydney route and the Yarmouth to Halifax route were experiencing considerable growth in passenger load. Many Nova Scotians, especially senior citizens and students, by the way from St.-F.X. University, ultimately depend --

DELEGATE:

You got him there.

THE CHAIRMAN:

Thank you, John.

HON. JOHN BUCHANAN:

I thought that would get a result. They ultimately depend on these feeder lines and our Minister of Transportation has simply asked that a moratorium on these feeder lines be implemented until the Royal Commission which you have called reports.

Mr. Prime Minister, I was in St. John's, Newfoundland, along with the other Atlantic Premiers, when you announced ACOA. Since then, ACOA has been a vehicle to assist in the economic growth and the economic progress that you mentioned and I have just mentioned in the Atlantic part of this country. However, recent changes in ACOA implemented last year have started to turn the clock back somewhat.

I want to congratulate the gentleman sitting behind you, the Honourable Elmer McKay, as he has, by his mandate -- looking after

that program, exemplified a real knowledge of the concerns and the problems in Atlantic Canada. It is also understood and appreciated that some of those changes have turned back the clock and I am pleased to note that the new president of ACOA, and I want to congratulate you on his appointment, has stated that he agrees that recent changes implemented must be changed again.

Mr. Prime Minister, I know you will recall the old saying used throughout Antigonish County "that you do not change a team of horses in midstream". And certainly, that prevails with respect to ACOA in this case. Businesses in our province were planning their futures in good faith on the basis of what they were told was approved financial assistance from ACOA.

Nova Scotia business people were ultimately disappointed when the new policy was announced and, previously agreed to, project approvals were cancelled. Therefore, Mr. Prime Minister, I today also urge you to revisit the mandate of ACOA and restore the funding that was removed last year and also to give ACOA a more enhanced role in education, research and strategic planning for the future. Successful regional economic development strategies are important to all of Canada because we are all partners.

Mr. Prime Minister, we must all work together to provide equal economic opportunity for Canadians in all regions of Canada no matter what circumstances or backgrounds.

Mr. Prime Minister, with respect to the GST, the position of the provinces has been made public after our Québec meeting and again from some Premiers again today. The tax as it is proposed is still not acceptable but you, sir, and your Minister of Finance have again today confirmed that the government of Canada will proceed with the tax. And in the face of that, being a pragmatist as I am, I ask you in the interest of all Nova Scotians, whom I represent, that you respond positively to the very real concerns which we have consistently raised about the GST.

During the course of today we will no doubt discuss some of those concerns more specifically. Therefore, Mr. Prime Minister, I think that it is very important that our Ministers of Finance, when they meet in December, must determine ways and means whereby the Federal government would provide some guarantee offsets to minimize the negative effects of the GST as we see them if we are correct about those impacts.

Mr. Prime Minister, Nova Scotians are pleased to recognize your strong personal leadership and commitment to strengthening our Canadian educational system so that it will be both competitive and relevant in a rapidly changing world of the 1990s. I know that you will appreciate from your years in Nova Scotia that Nova Scotia families believe strongly in the value and the benefit of education. It was Sir Charles Tupper, Premier of Nova Scotia, Father of Confederation, later Prime Minister of Canada, who started free public education in Nova Scotia in the 1860s and of course started it in this country. Since that time, Nova Scotians have rightly believed in education as the fundamental key to their future and personal success. We have long recognized that education means opportunity. Therefore, I personally look forward to your federal initiatives to support our long-standing initiatives in this vital area.

Mr. Prime Minister, in Nova Scotia we are continuing to improve linkages between universities, research and development institutions and private industry. As a vehicle to strengthen and enhance technological innovation in our province and throughout our country. As an example of this kind of linkage, a major initiative headed by Dalhousie University will be funded under your government's network of Centres of Excellence Program. Last year, the government of Nova Scotia invested in a state of the art gene probe laboratory which is part of the program. And today I want to welcome Doctor Howard Clark, President of Dalhousie University, as an observer of this conference. The new emphasis on quality education around the world and at home is directly related to science and technology.

As you well know, Mr. Prime Minister, as Chairman of the Advisory Board of National Science and Technology, technology is the new basis of global competitiveness as never before. The Forum of Science and Technology Advisory Councils, which Premier Peterson mentioned, was held in Nova Scotia in 1989. You, sir, were our guest speaker at the closing dinner. I want to congratulate you for being there and taking the time to speak to the assembled group of people and also to thank Premier Peterson for his very timely remarks which he made and made a major contribution to that conference and I thank him for taking the time to be there.

May I also welcome to this conference Doctor Robert Fournier of Dalhousie University who, along with Doctor Charles MacMillan, was the co-chair of the conference held in Halifax. By the estimate of all involved, the Halifax Forum may have been the most

successful Science and Technology conference ever held in this country. Certainly it was the first ever held in this country. The conference and the subsequent summary entitled: "A Call to Action, the Halifax Declaration" created an unprecedented momentum toward a Canadian action plan. An action plan built on consensus among all sectors of our economy.

The Halifax Declaration has been endorsed by Premiers at our annual meeting and by the Council of Science and Technology ministers in Hull. Task forces are currently being established to pursue the Halifax Declaration. If we are prepared to work hard as partners in developing our science and technology capability, we can build a new Canadian economic reality which will mean new jobs not only for Nova Scotians but for all Canadians. However, we must be prepared as has been said earlier -- and I think that Premier Peterson said and you yourself -- we must be prepared to spend more money on research and development to enable Canada to successfully compete in what is becoming a global economy focused on science and technology.

Mr. Prime Minister, Nova Scotians are committed to Canada. We firmly want our province, our region of Canada, and our country to strive to achieve and to succeed both socially and economically. Yet at the same time we believe that success can only be achieved through the principles and processes that I have outlined here this morning. I, like you, and all of our colleagues, look forward to a very productive conference.

THE CHAIRMAN:

Thank you, John, very much on behalf of -- St. F.X. thanks you, Dalhousie thanks you, St. Mary's and Acadia and Mount St. Vincent, and l'Université de Mont Sainte-Anne. We all thank you for your support and your help.

May I turn to, speaking of St. F.X., one of its -- I was about to say its most distinguished graduate, but one of its distinguished graduates, the Premier of New Brunswick.

HON. FRANK McKENNA (Premier of New Brunswick):

Thank you Prime Minister. And one of the few graduates that did not room with you, I might add. Fellow premiers and --

THE CHAIRMAN:

That is because you were there four years after me.

HON. FRANK McKENNA:

And it took me longer to get through.

Fellow Premiers and Prime Minister, thank you very much for this opportunity. To my citizens in New Brunswick for permitting me to represent you and speak at this national forum.

Je veux souhaiter la bienvenue chaleureuse à tous nos nouveaux Premiers ministres, messieurs Gary Filmon et Clyde Wells.

I also feel confident in saying that if the Fathers of Confederation had known that by joining Canada where we did that I would have to speak after three such eloquent performers that they would have signed several years later and given me a more preferred position. I want to congratulate my colleagues who have spoken well and passionately about the things they believe in.

Mr. Prime Minister I am going to walk where angels fear to tread into the vortex of Meech Lake and language in Canada. And instead of talking about Meech Lake directly, because we have talked about it last night and we will be talking about it again tomorrow, I really want to talk about language in the country because I think it represents the atmosphere and the backdrop under which and by which Meech Lake has to be considered.

Je crois que c'est la question linguistique qui est essentielle pour que l'on comprenne l'atmosphère de l'Accord du Lac Meech. J'espère établir le contexte, s'il-vous-plait, concernant ce sujet.

I want to start with a quote that I thought was rather instructive and it is from the case of the Re Manitoba Language Rights, Supreme Court of Canada: "l'importance du droit en matière linguistique est fondée sur le rôle essentiel que joue la langue dans l'existence, le développement et la dignité de l'être humain". It is through language that we are able to form concepts to structure and order the world around us. Language bridges the gap between isolation and community allowing humans to delineate the

rights and duties they hold in respect of one another and thus to live in society.

Language in short is everything. For people it means the badge of their culture and it reflects whether they feel they belong and the degree to which they belong in a particular society. And that is why at the present time in Canada on the language question that we, as Premiers, have to show leadership to the citizens of Canada. The Premiers need take no lessons from me. I know they understand all too well the tensions, the constant tensions and the difficulties and the pressures that we face. But I think that we collectively have to continue to do what is right, what is difficult and what is courageous because it is so important to our future. Canada is unlike any other nation. It has developed differently. It has evolved differently. It is respected for different reasons and it is going to exist differently from other countries of the world. Our problem is that the relations between our linguistic communities are so complex it is very difficult for citizens to understand the importance of collective rights and individual rights.

C'est très difficile pour les citoyennes et citoyens de comprendre la différence entre les droits collectifs et individuels.

And that is where we come into it. We have to try to describe the competing visions of Canada which are reconcilable if we work at it. It is hard, for example, for people who believed in bilingualism and are putting children through immersion systems all across the country, the West as well as the East, hard for them to understand what Québec really wants and why Québec is not embracing bilingualism in the same way.

On the other hand, from the point of view of the province of Québec, it is hard to understand why Canadians do not understand that Québec is different from the rest of Canada. The fact that Québec and the language in Québec represents a minority, not only within Canada, but within North America. The pressures that we face as Canadians preserving our culture and our identity against the american influences or global influences are compounded many, many times more in Québec where the culture is reflective through music and dance, song and cinema, and so many instruments which reflect a north american mentality.

So Canadians have difficulty in understanding that. Why there is this constant preoccupation. Not understanding the question of survival, if you like, of minorities everywhere, and not understanding the diminishing population and the pressures from immigration. Canadians are having a difficult time grappling with that and seeing how that fits into their vision of a bilingual Canada. How does it all fit together. Does it all make any sense.

C'est difficile pour les canadiens de comprendre la différence entre les deux philosophies.

And in the province of Québec that difference in approach and that anxiety about their cultural survival has lead them to enact legislation which has been unacceptable to the rest of Canada. I do not accept the legislation recently passed by the province of Québec. I disagree with it. But I do understand what motivated it. And I do understand the concerns and the anxieties which have led to it and I do understand why Québec thinks differently in many ways from the rest of us.

Mais je dois demander que les québécois comprennent aussi les aspirations des autres canadiens, les autres minorités, par exemple, et particulièrement les francophones hors de la province de Québec, les millions de francophones hors de la province de Québec. Et si les québécois sont en péril imaginez-vous les autres francophones dans le pays.

Imagine the enormous stress to cultural survival that other french canadians must feel who live outside the province of Québec. With the constant influences, cultural and otherwise, that are always at them. And the anglophones within the province of Québec who represent a small minority in a larger population. So somehow or other we have to come to grips and reconcile these visions of how we can protect our linguistic minority which is in Québec a majority and protect our linguistic majority in Canada which in Québec is a minority.

Those are the things that Meech Lake is trying to grapple with. And that is the backdrop to a lot of the public anxiety and the public concern. But you know the final thing that we need, as Canadians, to understand to make all of this work is to come to grips with the fact that having two cultures does not diminish us in any way but enriches us. It makes us better. It does not in any way make life more difficult for us. It offers enormous advantages. In fact in Canada we embrace more than two cultures.

We have accepted two founding cultures, yes. But we have also accepted a view of Canada in which every multicultural community has been able to keep its identity. As one of our Prime Ministers one said, "In our country the oak shall remain the oak and the granite shall remain the granite". And it has always been like that in Canada. We have never tried to destroy the cultures that have come to our country. We have allowed them to live, and to breed and to enhance themselves. That is one of the wonders of Canada. It is also one of the things that makes it so difficult, Prime Minister, I know you know, to govern. It is almost impossible to govern. A great Canadian, at one stage, said that Canada has no geographical unity, which is true. And it has no cultural unity. And it has no linguistic unity. All it has is unity. And that in fact is true. All that keeps us together is ourselves and we have been able to do that and survive for all of these years.

But it is funny, you know, how difficult it has been for us to reconcile these visions when we look to other places in the world that are working towards our model. In Europe it is not a case of one language or two languages coexisting in the European Economic Community. There are nine official languages. Documents are translated nine different ways and people speak with regularity, two, three, four and five languages. It is accepted. In the United States we are seeing increasingly some of the states providing bilingual services. Not French and English but Spanish and English because they recognize the newly emerging realities.

I guess what I am trying to say is that we have got to show respect for each other as we engage in this debate. We have got to recognize that in this country there is room for all of us to live. The Prime minister has said it. We have been well blessed. An enormous amount of geography, resources unlike that anywhere else in the world, an absolutely magnificent country. One which has a reputation for civility and a reputation for fair play everywhere in the world. A country that has never known violence within its borders and yet we seem to have so much difficulty. Only twenty-six million of us living in a country this large. Surely to goodness we can find enough room in Canada to live together.

It is interesting, you know, that we talk about minorities but there is not a place in the world where minorities have been able to be suppressed successfully. It is just like something that grows and never stops growing. In the USSR, at this moment, we are

seeing manifestations of culture and language unlike anything anybody has ever seen before. Cultures that people thought were dead for dozens of years all of sudden are surviving and thriving and reflecting themselves. Because you cannot destroy that which beats within the human heart. And that is why I pray as we engage and continue to engage in this constitutional debate that we leave ourselves room, leave ourselves flexibility, that we recognize that there is no magic in terms of words that go into a constitution, that a constitution really is a living and breathing instrument.

We have to think back to the date of Confederation and how the Fathers of Confederation must have felt when they negotiated peace, order and good government. You know of all the words in the world, what does that phrase mean: "Peace, order and good government". Who could define it with precision? Yet it was defined with each decade as it passed to meet the situation that it had to meet. The Fathers of Confederation did not know that we were going to have a First World War nor a Second. They did not know that we were going to have marketing boards in Canada and they did not know that we were going to have riots or insurrection at different points in time or problems of enormous magnitude but they knew that by using a certain choice of words that they could give the flexibility within the constitutional document to let that Constitution grow with the nation.

A constitution cannot be a straight jacket. It has to grow with the nation. So my plea on the constitutional question, the language question is that we give ourselves some space and some room. That we recognize that we have inherited, it has been passed to us, an enormous country and we really have the stewardship to pass that on to our children. We have to be flexible and that we have to allow room to maneuver as we try and work our way through this constitutional debate.

I close the constitutional part of my little talk by reminding us of a quote from again one of the judges interpreting a constitutional case where he said: "a constitution should not be interpreted as a last will and testament lest it become one".

Now turning to some of the other issues and not too long at it, Prime Minister, I was fortunate last night to have a chance to vent my frustrations with you on a number of issues concerning the GST and VIA Rail which has been very difficult in our province, base cut-backs which have been very personal to me and the

telecommunication question that is current. We also have a crisis in the fisheries industry, John, and I thank you very much for the words that you have said. And ACOA as well. I share your hope for the future and the ministers' hope. ACOA is a wonderful instrument. Yes it has been plagued with some difficulties in the last six months but I believe that it represents the finest initiative that Atlantic Canada has had available to it. And I do believe that it will work in our favour and to our advantage.

Prime Minister, I would be remiss if I did not mention my highway which represents such an important link, our highway, such an important link between the Eastern provinces. And also to report to you that on the inter-provincial trade question, we are making progress and I very much hope that we are going to be able to work out a deal before we are through here.

Finally, what I really want to do, because I have expressed those frustrations to you last night, is a chance to be more positive. I put the question to you rhetorically: what is it that New Brunswick can contribute to Canada at this stage in our history where our need is so great? Because the truth of the matter is, Prime Minister, and you have alluded to it several times in your comments that the things are going well in New Brunswick. We have all kinds of things we could complain about but yes we are leading the nation this year in new investment and at the risk of sounding immodest we led Canada last year in new investment and at the risk of sounding very immodest we have the lowest unemployment rate last month since 1980. We believe that things are going well. What is key to us to keep it all going is to keep our confidence. We have had our confidence questioned in the last six months and I know that you are aware of what that means to us. It is imperative that you do not kick us when we are up. That you work with us and give us that opportunity to build on the successes that we are starting to achieve in Atlantic Canada. Because we are making progress down there.

Now the final thing that I want to get into is on the question of education. Because I think for Atlantic Canada it is not going to be a reformed Senate that is going to give us true economic equality and it is not going to be ACOA, as much as I love it, and even my highway is not going to, as much as we need it, lead to equality. It is education. It is making our human resource equal to every other human resource in Canada.

The figures that you have quoted are absolutely accurate. We are putting money into education, second in the world after Sweden in terms of the industrialized countries. And our teachers are excellent. I speak for our province in saying that. We have had the advantage of having enormously dedicated teachers. The time has come when we must ask ourselves: Number one, are we asking them to do too many things in the classroom? And number two, are we asking them to do the right things in the classroom?

I believe that the national study that you have talked about, I have talked about a Royal Commission nationally, but a national study that you are talking about, I endorse that, I embrace it, I support it and we want to participate with you on it.

The results are extremely serious in my view. The fact that 22 percent of Canadians over fifteen years of age are functionally illiterate, 31 percent of Canadian students who enter secondary school leave without getting a diploma. 14 percent in Germany. Japan has four times as many engineers as Canada per capita we have twenty times as many lawyers. Mind you if we trade one for the other we would both be better off obviously. But, we do suffer from some enormous competitive disadvantages and the cost is enormous. Some eight billion dollars has been calculated as the cost of illiteracy alone in Canada. Some three billion dollars is the cost that it is going to take to support drop-outs in the country. We, in New Brunswick, have set a modest goal for ourselves with respect to average students. We have introduced a policy saying that we want to have the best retention rates in Canada. We would very much welcome a partnership with you in trying to achieve that objective. The cost in terms of money is staggering but more important is the cost in terms of human dignity and the loss of pride and self-respect.

In Atlantic Canada, we are losing out because of education. Educational achievement. The percentage of Canadians age fifteen and over with no more than eight years of schooling varies from 10 percent in Alberta to 26 percent in Newfoundland. And the cycle continues because all of the studies indicate that those people who come from disadvantaged homes are more likely to drop out than those who do not.

So, Atlantic Canada suffers from that cycle of poverty again on the education front. We have to break that cycle and that is why we want to participate and we want it to be more than simply schooling. We want it to be training and we want it to be

apprenticeship programs and universities. We want to talk about education across the board. We want to talk about using federal training money for UIC recipients when they are on UIC. We want that flexibility built in, Madam Minister, we want an opportunity for our people to find the dignity which they so desperately seek.

I have been long at this, Prime Minister, and I am going to close on the note of saying that yes we do have problems, we do have some difficulties in Canada. But we have more potential than we have problems and we have more opportunities that we can find.

Thank you.

THE CHAIRMAN:

Thank you Premier McKenna.

One of the nice parts about the last five years has been, indeed, to see the quite remarkable come-back in an area such as New Brunswick or Nova Scotia and other areas -- to see a greater degree of fairness and balance starting to grow into our system has been for me, with my own Maritime roots, a matter of great pride and great satisfaction to everybody around the table. I share your view about ACOA and I think Premier Getty shares the philosophy in respect of the Western Diversification Office. Both of which have done remarkable things in terms of diversifying regional economies and providing better opportunity. So I thank you, Premier, for your constructive comments and your reference to the McKenna/Mulroney highway. I have made good notes.

May I turn you to the Premier of Manitoba. Gary.

HON. GARY FILMON (Premier of Manitoba):

Thank you, Mr. Chairman, and I thank you for the warm welcome that you have extended to me during the last day, and I, as well, thank my fellow colleague Premiers for their warm welcome, not only here in Ottawa but at previous meetings that I have had the pleasure of attending with them at two Western Premiers' Conferences and two Annual Premiers' Conferences.

Although our government has been in office for some year and a half, this is my first chance to represent Manitoba at a First

Ministers' Conference on the Economy and, speaking as an engineer and not a lawyer, I welcome the opportunity and I congratulate you, sir, for having recognized the value of these conferences to the Canadian federal system. Before your government took office, this kind of conference was a rare occurrence. Now, except when federal elections intervene, we have come to expect them and to look to them as essential instruments of public policy development and co-operation.

And I know we had an opportunity to speak last evening, and I know that there are risks inherent in getting us together around the table, because sometimes we dwell too much on our differences. But if we cannot speak about our differences in a forum such as this openly and with consideration and respect, then we will not resolve them.

In my first correspondence with you as Manitoba's Premier, I discussed the need for our governments to set the stage for a more cooperative and productive relationship than had existed with the last Manitoba administration.

As Manitobans, we looked across Canada and saw an unparalleled increase in growth and prosperity in many parts of our country. But Manitoba had not shared in this prosperity. Our newspapers were filled with headlines about rising taxes, increasing debt and economic decline.

But over the last 18 months that has begun to change. Our Government has been successful in laying new foundations for a period of stable and sustained growth in our province.

We have kept a lid on spending. This year, our province had the lowest growth in spending of any Government in Canada, just 4.5 percent, including interest and all expenditures. But we have not done it by starving essential services. Health received an increase in excess of 7 percent, education 7.6 percent, family services 9 percent, environment 10 percent. I believe that we have chosen our priorities carefully and the positive results are beginning to show.

As well, of course, we have cut the deficit to its lowest level in a decade. In fact, our provincial government debt in Manitoba is actually beginning to decline for the first time in 20 years.

We have cut some taxes for farmers, for small businesses, for families. And we have cut the education tax on farmland by 25 percent in our first budget and an additional 10 percent, in our second budget, this year.

We have cut the personal tax rate for all Manitobans by 2 percent and we have increased the tax deduction benefit for children from \$50 to \$250 per annum. That means 470,000 Manitoba taxpayers will pay reduced income tax this year.

As well, for the second year in a row, the payroll tax has been reduced. Over the last two years, in fact, our government's moves have resulted in 70 percent of the employers who had formerly been paying that tax in Manitoba being removed from the payroll tax rolls.

Manitoba businesses and entrepreneurs are responding to those measures.

Our economy is expected to grow by 5 percent this year - the second highest growth rate in the country.

Just a few weeks ago, the Winnipeg Free Press ran a story headlined "Economists Betting on Manitoba - Gains Likely to Top the National Average". Economic growth is predicted to be above the national average; job creation, above the national average; investment growth, above the national average; unemployment, below the national average. Manitoba is on the move in the right direction.

A year and a half after our government took office, Manitoba has more jobs, more investment, and more economic growth.

We are making significant progress -- in co-operation with many of our neighbouring provinces -- towards a sustainable economic development strategy, which was adopted by the Western Premiers' Conference, aimed at achieving environmental and social goals along with economic growth.

We are moving to take advantage of the opportunities under the Free Trade Agreement with the United States.

We have signed bilateral economic co-operation agreements with some of the mid-western states and are working to strengthen cross-border relations throughout our region.

We have even opened up an office here in Ottawa -- to improve our lines of communication with the government of Canada and to ensure that Manitoba suppliers have better access to federal procurement opportunities. And I am happy that Mr. John Blackwood, Manitoba's new representative in the National Capital Region, is here with us today.

Our new government in Manitoba is well on its way to getting our house in order. But the renewed partnership we had hoped to achieve with your government, Prime Minister, has yet to be realized.

I recognize that, in your first mandate, the federal and provincial governments worked together to build an impressive list of accomplishments. The Free Trade Agreement, a fair and responsible energy policy, and the Western Diversification Department are all evidence of an active and productive era of federal-provincial relations.

But, at the same time, there are also some reasons for concern.

Chief among them, Prime Minister, are the strained relations on a growing number of issues between your government and the provinces.

We cannot help thinking back to the climate that prevailed prior to the election of your government in 1984.

It was, in many ways, a climate of distrust and discord between governments and among regions.

It was a climate marked by an attitude in federal circles that failed to understand or respond to the concerns and perspectives of people beyond the boundaries of the federal capital area.

Intergovernmental relations then had come to be focussed not on goals or shared purposes but on competition about areas of jurisdiction and sources of revenue. There was a constant, unrelenting federal effort to reduce or escape responsibility for sharing in the costs of human services while trying to assert growing control over the operation of those services in all regions of Canada.

Those were not good days for Canada, Prime Minister. That was not the way that Canadians wanted to see their country operate.

I am afraid that we see some echoes of those memories today.

One of the most obvious is the proposed 9 percent federal Goods and Services Tax.

Manitoba is opposed to the GST. We are opposed to the \$1 billion administrative cost that it could create.

We are opposed to the complexity that it would mean for our consumers and our small businesses.

We are concerned that the tax will not be visible or revenue neutral.

And we are just as opposed to the process by which that tax is being imposed on Canadians.

There have been all sorts of claims attributed to federal sources that are simply not true.

The Manitoba government did not walk away from the negotiating table. It was the federal government that gave up.

The Manitoba government will not profit as a result of this tax. In fact, because we have committed publicly not to tax the tax, we stand to lose \$100 million in the first year alone.

And finally, this Premier does not support this proposal, not today, not tomorrow, not in public and not in secret. I trust, Prime Minister, that there is no misunderstanding about this issue with respect to Manitoba.

The technicians can argue about the numbers. But the basic facts are clear.

The tax should be withdrawn, and our Ministers of Finance should get back to the table to work out some alternatives, cooperatively.

Canadians are realistic. They know that the federal deficit must be contained and reduced. Many also understand that the present federal sales tax has an increasingly negative effect on

the ability of Canadian industries to compete and that it must be replaced.

But the design and the presentation of this tax -- from the federal decision to "go it alone" to the suggestion that the new tax may not, after all, be clearly visible to taxpayers -- bear the fingerprints of the same kind of insulated and isolated thinking that we had hoped had ended in September of 1984. Prime Minister, together, let us ensure that the cure is not worse than the disease.

As well, could we not ask our Finance Ministers to talk about interest rates; about the concerns that can be found in Premiers' Conference communiques year after year; about the uneven impact of high rates on the provinces and the regions?

You mentioned earlier competitiveness. In a free trade environment, our manufacturers and producers will have great difficulty competing with American counterparts when our interest rates -- according to the information that Premier Bourassa just placed, that we have seen before, our interest rates exceed theirs by 4.5 percent. That means that the cost of borrowing is 50 percent higher for our companies attempting to be competitive with the Americans.

Of course, we recognize that monetary policy is a federal responsibility, but it is fully reasonable, in the Canadian partnership, for the provinces to ask for meaningful dialogue on impacts and alternatives.

Let us also start talking again, on a regular basis, about regional development. Prime Minister, at the first of these conferences in Regina, you and the Premiers, many of whom still remain around this table, agreed on a strong statement of regional development principles.

One of those principles read and I will quote:

"All major national policies should be judged, in part, in terms of their regional impact, and, so far as is possible, those policies should reinforce the goal of fair and balanced regional development."

But in the spring of this year, the government of Canada announced a series of military base closures -- including, in our

province, Portage La Prairie and Kapyong, in South Winnipeg. You and I have spoken personally about this matter. Federal figures show that if the cuts go through, Manitoba will have to bear some 38 percent of the total personnel reductions across the country. 38 percent is hardly fair and it's hardly balanced.

It does not help that federal support for joint regional development initiatives in the West has been cut severely at the same time. I know that you mentioned some figures but I am speaking of the ERDA support which went from more than 800 million dollars in the previous five years to a projected 242 million in the next five years.

In 1985, the First Ministers also agreed on another regional development policy principle. It read: "Transportation is recognized as key to regional economic development". Earlier this year Canadians learned about your government's plans for VIA Rail. Prime Minister you know, of course, that Manitoba and other provinces have expressed strong concerns about the subject. We have called for a moratorium on those cuts and I am glad that the committee of Parliament, your Transport Committee, has now endorsed the same recommendation. There are a great many reasons for our concerns. One of the most obvious is that the VIA Rail cuts will lead to substantial additional costs to the provinces on the highway system. And here of course I think we have a constructive opportunity, following on the comments that have been made by Premier McKenna, to work together towards a national highways policy in which the government of Canada plays a significant role. I know that your Minister of Transport, federally, has worked very diligently in cooperation with the provinces towards that policy and we applaud those efforts. We would now like to see that process brought to a successful conclusion. We are talking about action not only to strengthen the transportation links that bind our country but also to improve those that will make it possible for Canadian exporters, especially those in regions outside central Canada, to take full advantage of the free trade agreement.

The regional development policy principles were also clearly violated by the recent decision to introduce federal legislation to subject the publicly-owned telephone utilities in our province and across the Prairies to C.R.T.C. regulation. We believe that this is unwarranted intrusion. It is unnecessary. Our current regulatory process has worked well for many, many decades. Manitobans recognize the need for competitiveness of our major businesses and industries. We are well aware of policy-decisions

to support economic growth and job creation in our provinces. And those regulatory bodies have reflected that. There have been major reductions in long-distance rates in the recent past by our own regulatory bodies. We do not believe that C.R.T.C. control is good public policy for our future in Manitoba.

We urge the federal government to withdraw the current legislation that is in Ottawa and get back to the table on this issue.

GST, the military bases, VIA, telecommunications, in every case we're asking the federal government to stop and consider the full impact of these proposals on the regions.

Prime Minister, we understand that there are tremendous forces within the federal system that are pulling your government away from the road that you followed so successfully in the past. But if you and your colleagues give up the fight and allow this country to return to the days of jurisdictional wars or unilateral actions, all of Canada will loose. There are positive signs that your policy of cooperation may yet triumph. In Manitoba, our governments are not only cooperating to create an international centre for sustainable development, we are cooperating to make Manitoba a centre of sustainable development.

As well negotiations are under way to combat acid rain emissions from Hudson's Bay Mining and Smelting Operation in Flin Flon. This project will not only help protect the environment, it will modernize and increase the competitiveness of the plant and provide a stable economic base for a major community. We have signed together a soil conservation agreement. We are working to provide guarantees of water quality on the Souris River and in Shoal Lake. There are many other opportunities for our governments to work together to ensure future development in Manitoba is sustainable development.

Prime Minister I was very, very encouraged by your calls expressing concern and support for our efforts in fighting the forest fires we experienced in our province last summer. It was the worst civil disaster in our province's history. We not only saw the destruction by fire of over two and one-half hectares of land, over 5 percent of our entire land mass in the province of Manitoba, we had to relocate 23,000 people in that process to take them out of the danger of the fire. And through it all we got consistent cooperation from your government and support from the

Department of National Defence and so many other agencies of the federal government in ensuring that not one life was lost. A remarkable achievement. And I thank my colleagues around the table, because in many cases, we received fire fighting equipment from them, aircraft, and many things that we required to ensure that that fight against the fires was carried out so well in our provinces.

Many of our other opportunities that we are working on involve cross-border initiatives with other jurisdictions. And they also contribute to our future vision of sustainable development.

The Premier of Ontario has referred to the large scale hydroelectric development and sale with his province that can prove to be the linchpin of a national energy grid that could be so important to the entire future industrial development of our country. We are working beyond our borders to the west, cooperatively with the western provinces, towards continuing that grid and he, of course, is working with Québec and with some of the provinces east of Québec, Newfoundland, for example, to ensure that that kind of national electric grid can be formulated, an idea whose time has come.

We are also making, of course, significant progress in other areas. Broader federal-provincial cooperation in the recently announced commission for international recognition of studies, degrees and diplomas. This national initiative will provide a strong support to our own efforts to ensure new Canadians have an opportunity to participate fully in our economy.

We will have a chance to talk later this afternoon about other potential areas of cooperation including an agreement to reduce interprovincial trade barriers. And I echo the views that have been expressed by every other First Minister who has spoken before me saying that those interprovincial trade barriers must be removed to ensure Canada's competitiveness for international trade.

We, of course, continue to be supportive of a voice in implementing the Free Trade Agreement and the multilateral trade negotiations. We have proved by so many of these endeavours that cooperation can and does work. In January of this year the western provinces signed our own agreement to reduce interprovincial trade barriers. But at the same time that that was signed, we said that it would not replace a national agreement. That we must continue to work positively towards a national agreement. And that too will

go a long way to rebuilding the kind of cooperative spirit that all of us are looking for in this country.

We should also ensure that discussions continue on a regular basis on some of the issues that are not on our formal agenda for today and tomorrow. The national childcare strategy, health services, health care financing, economic development initiatives for aboriginal Canadians. Here too your government is taking some very promising steps and we want to work with you to make them as effective as possible.

Prime Minister, cooperation and ultimately joint action in the areas that I have mentioned would represent an agenda that in many ways would be just as important and just as critical to the future of Canada as the one which guided your first mandate. I hope this conference can help set an agenda for the next decade that will have as positive and unifying effect as the agenda that you established in your first several months in your Office. Canadians need shared goals. As a nation and as individuals trying to work together. Canadians need goals that will challenge us, that will provide us with a shared sense of purpose in all the regions of Canada. Those kinds of goals cannot be imposed. They have to be developed and nurtured through cooperation with respect and sensitivity to the regions of this country.

Prime Minister just as economic goals must be developed through consensus, so too must constitutional reforms. Our Constitution should be a symbol of unity for our nation. Our Constitution should reflect not just what we have been in the past or what we are today, it should reflect what we will be in the future. The Meech Lake Accord was a concrete attempt by First Ministers to create a renewed spirit of conciliation and cooperation between federal and provincial governments. A spirit that had been absent for too long. The unanimous of those First Ministers on a constitutional amendment was a significant achievement. The Accord provides an important recognition of the role of provincial governments. Most importantly Meech Lake welcomes back Québec into Canada's constitutional family. While the Meech Lake Accord was created as a positive effort to cement the unity of our nation, it has since become a symbol of disenchantment and alienation. No one wanted this to happen. I do not believe that any of the First Ministers involved in this process had any intention of creating concerns and fears that have arisen.

They were dedicated to addressing an outstanding wrong, not create new ones. But new concerns have been created by the amendments within the Meech Lake Accord, concerns that must be addressed before any amendments will be considered by the Manitoba Legislature.

Last spring, our government created a task force to hold a series of public hearings throughout our province to give Manitobans a chance to express their views on Meech Lake. Over 300 groups and individuals came forward. After several months of considered discussion, the task force issued a report which clearly identified the concerns Manitobans share regarding the Meech Lake Accord.

But not only does the report say what is wrong; it offers a positive alternative, an alternative that can be supported by all three parties in Manitoba.

There are all sorts of legal arguments which we cannot neglect surrounding the Accord, and the various provincial proposals.

We must also remember, our Constitution is not just for lawyers and judges and academics.

Constitutions do not belong to governments; they belong to the people. And in Manitoba and across Canada the people are speaking clearly: bring Québec into our Constitution but don't solve one problem by creating a whole series of new ones.

That is what women's organizations have told us; that is what aboriginal representatives and northerners have told us; and that is what Canadians, whose backgrounds are neither French nor English, have told us. Although I was not an active participant at the time, I believe the intent of the Meech Lake Accord was not just to secure the approval of a particular constitutional document. I believe the intent of the Meech Lake Accord was to restore the position of our Constitution as a unifying force in our nation. In fact, sir, I have heard you say, both publicly and privately, that your litmus test for constitutions is, one, that they must unify; and two, that they must protect rights; yet those are the major concerns that are being expressed by those who oppose the Meech Lake Accord in its present form -- right across the country; not just in Manitoba. I say, firstly, the Accord is creating disunity amongst provinces, regions and people; and

secondly, that it will diminish existing rights under the Charter for various groups in society.

Tomorrow I will be bringing forward the recommendations of our task force, and the spirit of national reconciliation that Meech Lake was to embody.

There are those who say there is not enough time to renegotiate Meech Lake. I disagree. I believe there is enough time if we have the political will. I think Canadians deserve no less than that effort from each of us.

Three years ago, in November of 1986, you and the Premiers discussed the Québec proposals briefly at the First Ministers' Conference in Vancouver; then the First Ministers met again at Meech Lake at the end of April and, finally, a month later, in early June, at the Langevin Block, the Accord was agreed to.

If there was adequate time between November and June three years ago to put Meech Lake together, there should be enough time now, three years later, to fix it.

I am optimistic that we can recapture that original spirit of reconciliation. I know that we can do it.

Prime Minister, your government was elected in 1984 with the support of every region and every province of this country. Elected with a clear mandate to seek reconciliation to restore a climate of cooperation and a sense of shared purpose among the governments, regions and the people of Canada.

You have found willing partners among the Premiers of Canada as you move together to establish and address the shared agenda. An agenda which had its origins in the determination that you shared with the Premiers to respect and to reflect the wishes and aspirations of Canadians, every province and every region of this country.

The list of achievements that your federal government and the provinces built together during the first term of your government is indeed impressive. But what was of even greater significance was the climate created by the federal government working in partnership with the provinces and regions and with Canadians everywhere. It was a climate marked by goodwill, by generosity, by excitement at the prospect that lay before us of shared goals

and shared efforts. A climate of renewed trust amongst governments and amongst Canadians.

It was indeed a new era and a much better one for Canada.

The challenge that faces us all here today and tomorrow is to move to recapture it, to regain the spirit of reconciliation and cooperation and partnership.

We must strive to formulate again a shared national agenda. A positive agenda for cooperation as you did so successfully, Prime Minister, in the years of your first term of office.

I believe we can do so. I am committed to do so and I do not believe that Canadians will accept anything less.

Thank you.

THE CHAIRMAN:

Thank you, Premier Filmon, very much for your comments. It was for all of us with a passing acquaintance with Canadian history, the rights of English and French minorities over one hundred years, was a matter of special significance, special pleasure to see the Premier of Manitoba sign the Meech Lake Accord in this room where you are sitting on behalf of all Manitobans three years ago.

There is a lot of symbolism and significance in what Mr. Pawley did that day and you will understand if I say that while Mr. Pawley did not agree on everything I thought that his statesmanship, particularly given the decades of sometimes difficult decades in some of our provinces, was special moment of leadership for which I as Prime Minister was particularly grateful.

I have taken note, Premier, of what you said with regard to the Constitution and I look forward to hearing your views in greater detail tomorrow as we agreed.

Allow me just to comment with regard to the telecommunications industry.

I hope that you will agree that it is hardly a unilateral action by the government of Canada in this regard when we implement

a Supreme Court decision. What we are doing is acting upon a decision of the Supreme Court in this area and we certainly would not want this to be construed as a derogation from our wish to maintain the spirit that you described in terms of better, genuine and Mr. Pearson said "genuine cooperative federalism".

I am very pleased to note that one important criteria of economic growth and good fortune is of course the unemployment rate. The lowest is in Ontario and has been; the second lowest is in Manitoba and it is tied with Saskatchewan followed by Alberta, followed from British Columbia. Western Canada has done extremely well, remarkably well and I am very grateful for that but I think that it is the kind of good fortune that the eastern part of the country obviously looks on with admiration.

A final word with regard to the GST, and we will get back to that as well, is that you know that Mr. Wilson met with the Finance ministers for a year and a half and they were not really wasting time and Premier McKenna said in Québec City that if the provincial Premiers came together and all they could do would be to criticize the GST without offering "une formule de rechange", without offering an alternative it would be the height of irresponsibility.

It is tough as you know to put a national fiscal plan in action and we have this one and we are going along, we hope, with your cooperation. If you have ideas that will improve it, we would be delighted to hear from you. I look forward to that as well.

But I thank you for your contribution Mr. Premier and I turn to the Premier of British Columbia.

HON. WILLIAM VANDER ZALM (Premier of British Columbia):

Well, thank you very much, Mr. Prime Minister. Since our last conference two years ago, we have seen much change and much progress in the world at large, in Canada, and in our provinces.

Much of the focus in advance of this conference has been the Meech Lake Accord.

While we will be discussing that important subject on Friday, and no doubt after that, I believe that Canadians expect us to say something about the subject today.

I was there at Meech Lake. I signed the Accord. I took it through my legislature.

It seem to me at that time that Meech Lake was about two things. It was designed to address concerns arising from Québec's inability to sign the 1981 patriation package, while still respecting the principle of equality of provinces. It also embodied a spirit. A spirit of constructive accommodation, a willingness to compromise.

Meech Lake was, for British Columbia and therefore for me, by no means a perfect solution. I doubt if, really, it was a perfect solution for anyone around the table that day.

But the spirit I refer to allowed me to compromise on significant points for British Columbia because it held out the promise that we could move on to address those concerns with some confidence that they too would quickly be addressed in a similar spirit.

We have witnessed, in the ensuing thirty months, Prime Minister, a growing debate on the details and basic thrust of Meech Lake.

And we have also witnessed, I fear, an erosion of the spirit that made the Accord possible in the first place. Instead of being the instrument of unity it was designed to be, the Accord has in recent months become a symbol of division amongst us, and a source of concern and debate for British Columbians.

In part this erosion stems from legislative actions that have been taken, in part it reflects electoral changes that have occurred in the past two years. Whatever the cause, the erosion of that spirit is troubling.

Those who seek to perfect a solution for Meech, based on the interests and perspectives of individual provinces, must bear in mind that the original spirit which allowed the Accord to be reached seems increasingly elusive.

British Columbia, in certain respects, put its agenda on hold, pending action on Meech, and because of the spirit that existed.

If we are back to the drawing boards in a significant way, B.C. will have important objectives to put on the table, and we will press hard for them.

Opposition to the Accord in British Columbia has grown, as much out of frustration that we still have not moved on to address our priorities as out of concern about the contents of Meech Lake itself.

We must find a way to solve these problems and then move on quickly, in the original spirit of Meech Lake, to address the concerns of British Columbians, western and other Canadians, concerns on key issues such as senate reform.

I look forward to continuing this discussion tomorrow in a way that will advance the interests of all Canadians.

British Columbians expect me to discuss other important matters here today and tomorrow as well. They want to hear what we have to say about government debt, taxation, the goods and services tax, interest rates, regional development, the environment, diversification and competitiveness. For these are key issues and challenges we must face as we near the last decade of the century.

I want to provide British Columbia's perspective on these matters, including some observations about federal policies and choices.

We in British Columbia have drawn some very hard lessons from our recent economic history -- the history of the recession of the early 80's.

As a resource-based economy, we took that recession harder than any other province, and were slow to recover. But when we did recover, we came back very strongly.

And I am convinced that the reason we came back so strongly, that we now lead Canada in economic growth, in job creation, and in investment, is that we made some hard choices and changes.

We controlled spending, without offloading responsibilities to other governments. We controlled taxes. We discontinued programs which did not meet essential needs. We reduced the size and burden of government.

These changes put us in a position where we could diversify the economic base, allow the private sector to become more productive, and create jobs throughout the province.

We also learned that we must look outward, westward, and we welcome the opportunities offered by the fundamental economic shift toward the Pacific Rim.

This is another challenge facing us as First Ministers. Canada has not, in my view, fully recognized the changes it must make to take advantage of the Pacific opportunities.

In B.C. we have a vision of our role, and of Canada's role, in the Pacific economy.

Our vision has led us to change our education system, to reach out to our Asian neighbours, to establish trade offices in Japan, Hong Kong, Korea and Singapore, and to actively pursue investment opportunities. We must share, and pursue, that vision at the national level as well.

Your Pacific 2000 initiative, Mr. Prime Minister, is a good start. Our joint effort through the Asia Pacific initiative has done fine work. Let's go further. Let's achieve the potential.

We can focus efforts and institutions, such as the Export Development Corporation, CIDA's Pacific operations, your own Pacific 2000 initiative, in B.C., in the west, so as to create a critical mass among these initiatives.

We can take a fresh look at aspects of our trade, tax, financing, transportation and communications policies.

This Pacific Rim focus is a key priority for British Columbia, and an opportunity for all of Canada. But it is only one of several priorities I want to touch on briefly today.

I have mentioned some of the things we have done regarding Pacific Rim education initiatives. But these are only part of a much larger effort, designed to ensure that our future economies are competitive in a world which has come to rely much more on brain power than horse power, on knowledge as well as resources.

We have made major changes to all levels of our education system. Our government has implemented a Royal Commission on

Education through a major overhaul of legislation and curriculum. We are providing more post secondary opportunities for British Columbians outside the metropolitan areas. In so doing, we are providing new economic opportunities for those regions.

"Education" includes training, retraining, skills development for those entering the workforce, and adjustment assistance for older workers.

Prime Minister, we must do more to equip newly-arrived immigrant Canadians with the language and other skills they need to participate and contribute fully in their new country -- and your government has a bigger role to play.

On the broader issue, let us, as First Ministers, get together to see what must be done to ensure Canadians take full advantage of the opportunities of the developing "knowledge-based economy".

To further that important objective, Prime Minister, I propose that a First Ministers' Conference on the knowledge-based economy be held, and I urge that we commit today to hold this conference within a year, in British Columbia.

There is a natural link from this to the next challenge I believe, the challenge we must all face: that of diversification.

While the B.C. economy is still dependent on our rich natural resources, it is changing -- as it must.

Our forest sector was 40 percent more productive in 1988 than what it was in 1984, with the same size labour force -- because of technology.

We have already seen in British Columbia a dramatic growth in electronics, subsea engineering, aquaculture, and other newly emerging high tech and knowledge-based industries.

We have heard much talk about science and technology, and the importance of increasing our efforts in R & D.

I support those comments, as I support the principles of the Halifax Declaration.

The recent federal announcement of the \$240 million Centres of Excellence Program is a welcome one.

In British Columbia, we are proud of the Triumph Physics Plant at UBC. There is growing international enthusiasm about the plan to expand it into a Kaon factory.

This is an ideal example of the national commitment we need to excellence -- and of effective targeting of resources to projects which have an impact far beyond themselves, not just for B.C. but for all of Canada.

I want to welcome my fellow First Ministers to the Kaon factory when we meet for the "Knowledge Conference" I proposed a moment ago.

Another challenge we have faced concerns regional development, both within and between our provinces.

We in B.C. have stressed community-focused regional development, fostering and building upon local strengths.

Our regionalization initiative has changed the way government acts - to recognize that the people on the scene know best what they need, and how they should meet those needs.

I believe that this model has something to say for our national approach as well. Prime Minister, your government must build and maintain key infrastructure, build on the strengths of our resources, and allow sufficient flexibility to respond to local conditions and priorities.

While we will be talking about this more tomorrow, I want to also touch briefly on sustainable development.

We are determined that today's economic development not occur at the expense of our children or the environment.

The challenge in our federal system is to find ways to co-operate, to coordinate, rather than to compete in our efforts to meet the challenges.

I want to turn now to the fiscal and economic choices.

We must take care in public spending to ensure that we protect the rights of future generations to make economic choices, as well.

In British Columbia, we are placing our fiscal house in order.

Our budget is in balance, and we have taken advantage of two years of strong growth to reduce debt and put aside reserves in the event of a future downturn.

However, the federal deficit and debt are a problem for all of us.

Prime Minister, I understand the argument that you have made that your government has a good record in containing program expenditure growth. But I believe you can and must do better.

I want to make four points:

- First, Ottawa's track record clearly shows a preference for increasing taxes rather than reducing total spending -- and that is a problem.
- Second, Canada must re-examine programs which have outlived their need, and ensure that programs are targeted to help those Canadians most in need.
- Third, do not pass the bill rather than the buck by "offloading" to the provinces. It is the same taxpayer.
- Fourth, interest rates are too high -- they hurt those parts of the country least equipped to sustain them, and they are a major cause themselves of continuing high deficits, given that the debt servicing costs equal the annual federal deficit.

Further, Prime Minister, you must fundamentally reconsider the GST.

The views expressed by the provinces, by the Economic Council of Canada, the Conference Board, the Canadian Federation of Independent Business, the Tourism Industry Association, the Council of Forest Industries, the Retail Merchants Association of B.C., the Mining Association of B.C., and dozens of others, should cause your government to reconsider its course.

Prime Minister, there is no national consensus on this fundamental new policy proposal -- and such fundamental policy

must, in our society, have a sufficient base of understanding and support or they will be seen as illegitimate.

It seems to me that you must think again, go back to the drawing board, come up with something fairer, less burdensome, less inflationary, and less intrusive.

But before you come back, Mr. Prime Minister, with a revised plan, I urge you to be satisfied and to satisfy Canadians that your expenditures have been put under firmer control.

The impact of freer trade on Canada and on each of our provinces leads me to also make some observations regarding trade policy.

What your government does in the GATT, in the Uruguay Round of Multilateral Trade Negotiations, in further negotiations or disputes under the Free Trade Agreement, has a critical impact on the provinces.

I therefore urge you to agree to a full role for provincial participation in these key matters of trade policy.

For this reason, it is critical for us, as First Ministers, to come to an agreement on how the provinces are involved in trade matters.

The Premiers agreed on a draft proposal for discussion with your government, and Premier Bourassa has transmitted that to you. And I believe that we must come to a satisfactory resolution on this issue as soon as possible.

I want to conclude, Mr. Prime Minister, by linking some of these themes and challenges.

Prime Minister, fellow Premiers: We live in a complex country, and that country lives in an increasingly complex world.

To make things happen, we must talk to one another -- even if that entails raising our voices a little from time to time.

Canadians want to see us working together to solve problems rather than perpetuating them or competing for headlines.

We have heard, in recent days, some say that the dream is dead.

I think we all share a higher ideal: Let's communicate, co-operate, compromise and work hard together to make Canada's vision for the 21st Century a reality.

Thank you Mr. Prime Minister.

THE CHAIRMAN:

Mr. Premier, I thank you for your very impressive remarks, not all of which I can agree with, but I certainly thank you for them.

I must apologize to you, there was a fair amount of noise in the back, and I would ask the Secretary to make certain that we do not have a line-up like this while I propose to go on to some further First Ministers. It is very important that the Premiers be given an opportunity to speak without the conversations that go on when a couple of hundred journalists are trying to do their job as well.

So I tell the media that there will be ample opportunity to scrum, but it will not be now. And I would ask you, please, to refrain from any internal debate that may be going on back there because it is really intruding on the time of the premiers. And I thank you for -- I thank the media for that.

Mr. Secretary, would you make certain, or your colleagues make certain that takes place.

I would like to turn to my friend, the Premier of Prince Edward Island.

HON. JOSEPH GHIZ (Premier of Prince Edward Island):

Prime Minister, fellow Premiers and colleagues. The range and importance of the issues on our agenda for the next two days indicate that we are indeed at a crucial time in our history.

Our discussions and our decisions on issues like monetary policy, deficit reduction and the Meech Lake Accord will, to a

large degree, determine the course that Canada will follow over the next several years.

For that reason, I think it is particularly significant that we are gathered here in our nation's capital on the eve of Remembrance Day. The eleventh day of the eleventh month is a time which has great meaning for us all. It is a time which helps us remember the tremendous sacrifices of those who made the ultimate sacrifice, a sacrifice which preserved the very basis for the type of society which we have today.

There is a little community on Prince Edward Island called St. Peters. November 11th is a particularly painful day to the people of St. Peters' because, you see, St. Peters has the distinction of having made the greatest sacrifice in terms of population of any community in Canada.

St. Peters stands as proof that virtues like valour, dedication and the willingness to fight for what is most worthwhile are not a function of the size of a community, they are a function of what is the heart and soul of a community.

Without being too dramatic, perhaps we can say now that we are at the pivotal point in our history. And when we look back in remembrance on the events of today, I hope that we will be able to stand and say that we have done our best to protect and enhance what we hold dear.

Mr. Prime Minister, Prince Edward Island is the smallest member of the Canadian family, but I can assure you that its resolve to fight for the betterment of Canada, constitutionally, socially, economically is not diminished by our size.

We are proud to be Canadians. Proud of what Canada has achieved and proud of what we have achieved in Canada.

Yes, we have our differences: cultural, linguistic, geographic and economic, but we are bound together by our common understanding of what Canada is and can be, and nowhere is that common understanding more clearly and more understandably stated than in our Canadian Constitution.

We find it expressed in the Preamble to our Constitution, which talks about our national reverence for the ideals of peace, order and good government that Premier McKenna talked about. We

find it expressed in Sections 91 and 92 of our Constitution, which carefully lay out the jurisdictional map of our federal state. And we find it expressed in our Charter of Rights, which confirms the bilingual and bicultural nature of our country. And we find it expressed in the principles of equalization and regional development.

These principles are important symbols. They are a statement of the national character of Canada. They are a statement of the political culture of Canada.

From the perspective of Prince Edward Island, the way in which this country redistributes its wealth between those Canadians with much, those Canadian with little, and between those regions with much and those regions with little is an unassailable element of our national character.

That principal of national sharing through equalization, through established programs financing, the regional development programming, in our view, cannot and must not be lost.

It is for Atlantic Canada, and Prince Edward Island in particular, an essential safeguard which cannot be abandoned even in the interest of something as important as reducing our national debt.

Mr. Prime Minister, my fellow Premiers, there is nothing shameful in the fact that each of the regions of Confederation, each of the members of the Canadian national family has its own particular concerns which it feels must be recognized and acknowledge in our nation's political structure.

The West feels that it must have institutional safeguards to ensure that its collective voice is adequately represented in national decision making.

Québec feels that it must have linguistic and cultural safeguards to ensure that its unique position as a founding people is reflected in our national character, and by the same token, Atlantic Canada and Prince Edward Island feel we must have economic safeguards which ensure that we can continue to participate, in the same way that other Canadians do, in the greatness of our country.

There is nothing shameful in that and there is no need to apologize for that.

I agree with my western colleagues in their call for institutional change, which will guarantee greater equity in national decision-making.

I have been an eager, and I hope, a constructive participant in the national debate on senate reform, and, likewise, during negotiations on the Meech Lake Accord I was an enthusiastic supporter of the aspirations of the people of Québec.

I desperately want to see Québec reconciled with the rest of Canada, and Prince Edward Island was one of the first provinces to ratify the Meech Lake Accord. And today, I reaffirm that commitment to Canada and to Québec.

I can say, with all confidence, that Prince Edward Island has been more than willing to fight for what it believes is best for Canada. And now, we are calling on the rest of Canada to help us in protecting the economic safeguards which we believe are so essential to our position in Canada.

I can look with pride at the economic development in our province over the past few years. We have, in partnership with your government, refocussed our business development efforts to concentrate on small business, more appropriate in terms of scale and technologies.

Again in partnership with your government, we have developed an industrial strategy, which is based on adding value to our traditional industries of fishing and agriculture.

We have launched a series of progressive social programs aimed at improving the lives of Prince Edward Islanders. We have expended the range of government services available to island francophones in their own language. We were the third province in Canada to initiate a pay equity program for women in the public service. We were the first province in Canada, thanks to my colleague Mr. Gilbert Clements, to my left, to develop a conservation strategy to preserve and enhance the physical and natural environment of our province. And, Mr. Prime Minister, we did all this while still managing to balance our provincial budget.

How were we able to do it? How were we able to engage in some long-term economic development? How were we able to offer our citizens the kind of government services other Canadians are able to receive? It is not just because the Honourable Gilbert Clements

had his hand on the cash register. It is because of Canada's economic safeguards, the principle of equality, the principle of regional development.

Do not get me wrong, I do not want to leave the impression that Prince Edward Island is an economic basket case. On the contrary, over the past several years, the percentage of our provincial budget which come from the federal government has actually declines.

What those economic safeguards have provided us is breathing space. They have allowed us that essential discretionary funding which is so necessary to long-term financial planning. But now, Mr. Prime Minister, we are beginning to feel the little bit of ground that we have made up over the past several years shift and slip away from under our feet.

We see, in Atlantic Canada, and in Prince Edward Island in particular, a slow, insidious but inexorable erosion of those economic safeguards which are so essential to our place in Canada.

We see cuts in VIA Rail. We see rail line abandonment with no offer of compensation. We see cutbacks in regional development spending and new limitations on ACOA funding. We see changes in unemployment insurance programs which fail to recognize the seasonal nature of our economy. We see all of these things and we wonder what has happened to our economic safeguards. But then, on budget night, we were dealt the cruellest blow of all. We were told that CFB Summerside, the only military base on Prince Edward Island, and the economic linchpin of eastern Prince County would be closed.

My fellow Ministers, we are all reasonable people. Prince Edward Islanders are reasonable people. We recognize the dilemma of the federal government. Interest charges on our national debt have reached epic proportions and all Canadians must be prepared to shoulder their share of the debt burden.

We recognize the fact that federal spending must be curtailed and we recognize that fact.

I am sure that I speak for all Islanders when I say we are willing to bear our fair share, but we are not willing to bare a disproportionate share of the federal government's deficit

reduction efforts. And that, Mr. Prime Minister, is precisely what the closure of CFB Summerside represents.

To more fully appreciate the economic, the social and the psychological devastation that this base closure announcement has had, I want you to consider this: CFB Summerside provides direct employment to more than 13,000 people and has an annual payroll of more than \$40 million. The base indirectly provides employment for another 1,700 islanders, the vast majority of whom live within a 30 kilometre radius of Summerside.

Taken together, these direct and indirect jobs make up 5.3 percent of provincial employment. CFB Summerside is the second largest employer in Prince Edward Island. It has been estimated that the closure of CFB Summerside will result in a total loss of income of \$60 million to the Summerside area. Closure of the base will strike 33 percent of income from the Summerside area; one dollar in every three. And on the eve of my coming to this conference, I received a communication from Wendell Gallant, President of the Greater Summerside area Chamber of Commerce; and I would ask for your indulgence as I read the first couple paragraphs of that letter addressed to me, and I quote:

"The Summerside regional community is stealing the economic effects of the closure of CFB Summerside as new construction grinds to a halt and forecasts of job losses appear in the Journal Pioneer newspaper. The most recent is the Unit II school announcement that twenty-five to thirty teaching positions will be loss with the closure.

With Christmas just eight weeks away, the pressure to participate in annual buying will create an extremely unhealthy atmosphere for many families. Family units whose income has been reduced and even stopped as a result of the announcement of the closure will face tremendous pressure during this season of peace and goodwill.

Layoffs and the threat of layoffs are taking their toll on the people in the Summerside area. Unprecedented incidents of family violence, of arson in the town and a brutal murder of a mother of three young children may or may not be directly be related to the loss of 30 percent of the employment in the area. They are, however, unusual and without precedence in this community."

That is a serious statement, Mr. Prime Minister, from the community. Now, I realize that Prince Edward Island is not the only province which has been affected by the announced reductions or closures of Canadian Forces bases but the employment and income impact in other provinces is not nearly as great as the havoc wreaked on the smaller island community.

I might also point out that, with the closure of CFB Summerside, Prince Edward Island will be the only Canadian province without a military base and the benefits which come from Defence expenditure.

This, despite the 1987 White Paper on Defense, which confirmed the desirability of Defense expenditures benefitting all regions and economic sectors of the country.

The impending closure has already taken its toll on the greater Summerside area. Property values have dropped as Mister Gallant has pointed out. Investor confidence has plummeted. There is a general malaise which pervades the entire province. There is anger, there is frustration but above all there is an overwhelming sense that those principles which we cherish and that are such an important part of our understanding of the spirit of Canada have been abandoned.

That, fellow First Ministers, is of grave concern to Prince Edward Islanders.

I can assure you that when the base closure announcements was made I was not long in assessing the options opened to me as the Premier of Prince Edward Island. I could have turned to the courts for a Charter challenge. We were advised that to do so could be favorable to our position. I could have gone over the heads of the political leaders of Canada, directly to the people of Canada. I could have gone on the road, making the tour of service clubs and town halls telling the people of Canada about the insensitivity of the government's decision.

I could have come here, to the First Ministers' Conference, and pounded the table and lambasted the federal government for what most Islanders see as an unjust and callous decision.

I am sure that that would have made me very popular back home. Believe me, I was tempted. But I resisted those temptations because, above all else, I am a proud Canadian. I am a Canadian

who has faith in the process for conflict resolution in this country and I am a Canadian who believes in the essential fairness of the federal system which we have built in this country. That system can address my concerns about economic safeguards just as it can address Premier Getty's concerns about institutional safeguards or Premier Bourassa's concerns about linguistic and cultural safeguards.

We Islanders have faith in Canadian federalism. We have put our trust in Canadian federalism and we pray that our trust will not be betrayed.

Mr. Prime Minister, five months ago, when we met in your office, you gave me your commitment that this situation with its grave consequences for the economy of Prince Edward Island would be addressed. Since that time, there has not been a day that either myself, my ministers or senior government officials has not been in communication with your office or your government. But despite all this, the uncertainty of the process, the uncertainty of the resolution has caused tremendous pain and frustration for the people of Prince Edward Island.

It is on their behalf, Mr. Prime Minister, that I implore you to find an acceptable replacement for the loss of CFB Summerside.

You and I are to meet again in early December to consider CFB Summerside. I am convinced that we are to find an acceptable replacement; that it will depend and will require political will on your part.

Political will to ensure that those constitutional safeguards that I talked about earlier have meaning. Political will to ensure that small town Canada has a place in the grander scheme of things. Political will that says to the people of Summerside in Prince Edward Island that you count too. Political will that may have to override bureaucratic resistance to addressing Summerside's needs.

Prime Minister, I believe that you have that political will and I have confidence in your ability to exercise that political will. That is why I have every confidence that when we meet in early December, we will prove the cynics, the doomsayers and the critics wrong and we will find an acceptable alternative to replace CFB Summerside.

As I said early in my remarks, Prince Edward Island is the smallest member of the Canadian family but that fact does not diminish our determination to fight for the constitutional, economic and cultural survival of Canada neither should it diminish our standing as an equal member of the Canadian Federation.

Let me conclude by saying that each and everyone of us around this table, in that regard, has an obligation to ensure that Québec finds its rightful place in the constitutional family. We thought we achieved that compromise in June of 1987. But it appears that it is now evading us. And our challenges to rise as First Ministers and ensure that the province of Québec and the people of Québec are part of the constitutional family so that we can demonstrate to the world that we have by most compassionate understanding and caring nation on the northern half of the British North American continent. Thank you.

THE CHAIRMAN:

Thank you Premier Ghiz. The Premier is quite right. He and I already had a very good meeting on the very sensitive problem that he raises which is of particular importance to a smaller province like Prince Edward Island. I am very sensitive to the concerns that he has raised and we will be meeting again shortly after my return from the Soviet Union and we hope to move this along. I am glad that the Premier mentioned the size of Prince Edward Island because, however small, the principle of equality and fairness has applied in Canada and has to apply around this table and even though we are forced into some economic constraints, that we all know about that, we have to ensure the fairness that you have spoken about so eloquently and others have referred to around this table. So I thank Premier Ghiz for his intervention. I look forward to meeting him. I would just point out to him that when he referred to the tremendous job that had been done by the Finance Minister on his left, he was pointing to the Finance Minister of Manitoba. I just mention that Jo, en passant. Who has also done a very good job. So thank you very much.

HON. DAVID PETERSON:

That is two at the table.

THE CHAIRMAN:

That is right. That is right David. I would like to turn to the Premier of Saskatchewan.

HON. GRANT DEVINE (Premier of Saskatchewan):

Thank you Mr. Prime Minister. First of all I would like to extend a warm welcome to Premiers Filmon and Wells who are attending their first First Ministers' Conference, certainly the first FMC on the economy. These are important opportunities for people to exchange their views and to listen to each other. I want to say that I am encouraged by what I heard around the table last night about what we can be and the will to build the country and to find that common ground and indeed if necessary, from time to time as it is in this country, to compromise in some cases for economic, social and political benefit. I want to congratulate Premier McKenna on his remarks just recently. I thought he spoke well and he spoke as a Canadian, and he spoke compassionately about what he believes, and I would just echo his remarks and the tone in which he put them forward. I am hopeful, Mr. Prime Minister, that this FMC will be a place where we can share ideas, where we can debate the concerns that overcome us or that can overcome at times, the differences that we have. I hope that we will be able to cooperate to make us stronger, to make communities stronger, to make families stronger. It is a good forum. It is a good idea. And maybe it is wrapped up now but I am not so sure that we cannot initiate some more discussions.

This Conference is particularly important because of the times and that has been raised several times this morning or this afternoon. And what I want to do in the next few minutes is put in perspective where a province like Saskatchewan in the middle of this national scene, both economically and politically. Saskatchewan is supposed to lead the nation in economic growth in the 1990's or particularly in 1990-1991. I can tell you most people in the province of Saskatchewan are optimists. Most of them are homesteaders. They came from all over the world and they are prepared to work and they are prepared to go hard. I am an optimist. I also know that people in Saskatchewan have experienced difficult economic times and they draw on their friends and they draw on their neighbours and they draw on their family when those times come. So I am going to share with you, Mr. Prime Minister, what the people have said to me in the last week or two because I

just went back out on a post-harvest tour of the province of Saskatchewan and I listened to people in small towns, villages, farms, ranches and cities, and they wanted me to share with you and with the rest of the nation some of their vision, some of their optimism, and some of their hurt so that indeed we can take the time to listen to each other and do what is appropriate at a conference like this.

You handed out a nice brochure and it is interesting. It is on the economic and fiscal situation. On page 6 you will notice that for 1987-88 in Saskatchewan it has negative real growth. Well if I just throw in there 88-89, Mr. Prime Minister, and I will just show it around here like this, it is not this level, it is down to minus 4.2, it is down at the bottom of the page. And I have written in here with the result, as the result of some comments by my Deputy Premier, that this is the bread basket of Canada, almost half the farmland in the nation is in Saskatchewan, and our growth in real GDP for the province is going to be minus 4.2 in 1988-89, and it is nobody's particular fault. It is because it did not rain. It is because of drought. And it is because of a combination of that and some low priced wheat where you have so many small families and so many communities linked together that risk the vagaries with mother nature.

Now I raise that because it is the truth. Their income is down. The Saskatchewan Association of Rural Municipalities are meeting and they have met recently and to give you an indication of how they feel, and these are a lot of very good old boys from all over the province of Saskatchewan that represent local government. And they recently passed a resolution that said that there should be no more foreclosures on farms for at least a year until we get a hold of this situation because it is really difficult. They are hurting. They know that towns and villages are dying. They know that we are one of the only jurisdictions in Canada that is losing population from rural areas at a very rapid rate. Kids leave. So they are a little worried. They are a tough bunch. They are optimistic. They want to build. They believe in the 1990's that with any luck from mother nature we will just do fine. But they have been hurt. And frankly they are just a little irritable. So when I go out to listen to people, they are telling me that we have got an awful lot of work to do to balance the Canadian economy out.

When you say, and this publication is very good, that the nation has grown, and grown, and grown, and some parts of it are

very successful, I can say to you that is true. And in some parts they have because of conditions beyond our control in many cases, and some that we do control. The same applies within the province of Saskatchewan, and I am sure other provinces. Some people do really well and some have been hurt. We have got that in rural Saskatchewan. Some people who have not been forced, for whatever reason, to pass the land on to the next generation and have held on to it, and have rolled through it. Maybe they only deposit money in the bank. There are other people who have tried to put their children into the farm operation who have borrowed money and have gone through some difficult times, who have not only lost that land, and the children have lost it, but they have lost their heritage because they put it up and it is gone. And the community is split. So there is those that have and those that do not. And it tears at them. And you have sensed the feeling around a room like this, when one province is going good and another province is not. That means that we have to work extremely hard to listen and to be compassionate and to understand those irritating feelings.

People have also found it difficult under those circumstances to face change. And I am going to talk about that a little bit more. Because they have had so much change hit them now that they are looking for stability. They do not believe tax reform means lower taxes. Because they have been hurt. Because they paid high interest rates. Because they are out they are trying to face all these people who want their money. They do not want to see more taxes at all. They also appreciate the fact that between your government and my government over the last few years we have provided an awful lot of money.

But it is like one SRM, rural municipal councillor said: "You know, it reminds me of an East German heading for the wall. He has got about one hundred miles to go and he ran out of gas and we came on and we give him a couple of cups of gas and it got it wired up, and he is going again, but he is not going to make the one hundred miles on that cup of gas." And it is more gas that anybody has ever given him. Anybody in terms of any administration. And in our cases it might run almost one hundred thousand dollars a farmer over the last few years. It is right into their pocket. But he says I am not going to make the wall. And there will be half of them that are not only thinking that way but feeling that way. And they cheer for the West German people who are welcoming the East Germans over. And all those farmers in the community that are going to make it they are thinking how can I help my local neighbour, or my son, or my daughter, or my son-in-law that has a

hold of the ranch and is going to lose it. So they say, "Look, I know you have tried but I am telling you I am not going to make it without you being there and staying there. I want to be optimistic. I want to go. I want to see the 1990's and I want my children to succeed. But I am not so sure I have got enough ride at home in my pocket even as a grandfather to get them over the hump." And that worries them. What they told me was frankly just the straight goods and the truth in as straight forward a fashion as I have ever heard.

They are worried about their towns. They are worried about their communities. They want opportunities for themselves and their children. They told me they would like to see some solutions to some of the international price wars that we are into and they want us, in some ways, and it is interesting because we are doing well in the marketing, to seriously confront what they believe are unwarranted and uncalled for trade actions often by, what they consider, less than competitive American producers in many cases. And maybe it is more often than not just Washington lobbyists that are running at us who are worried about Canadians getting into their markets and they certainly want to make sure that they know in the United States that we are serious about trading and we can compete.

I suppose what they said to me most of all is that they want us to listen. Governments to listen very carefully. To go out and take the time and spend the time with people. I can say for Saskatchewan, and I am sure for every jurisdiction in the country, that these people are honest, hard-working folks with drive and spirit. They begin to believe that maybe their elected officials, from time to time, are a little bit more interested in playing political games than they are of really getting on with the job. And it is a procedure of one-upmanship, of various kinds of things that they are not real comfortable with. They would rather see us go back and, from time to time, and wherever possible, take our politic and put it in our shoe and say let us go fix it. Let us get on with it. Let us find out how we can make the rural community in Québec work with the rural community in Saskatchewan versus with the city in British Columbia and a town in New Brunswick.

Cut the noise, reduce the noise and help Canadians lock arms. Well, in every community that I visited, and I think they have, and believe they have relatives right across the country, they asked the following questions: what are politicians doing to work

together to lead this country now when we have a big responsibility to lead? And we are probably respected as much as any nation on a per capita basis that you would find in the world. What is our vision of this country and where can it go and what can it be? What are we going to do to make sure Canadians stay competitive, and my kids will have jobs with the changes in the Pacific Rim and the changes in the European market and the changes in North America? How are we going to adjust and how are we going to have our children educated so that they can compete in an ever changing world?

Then they get a little more pragmatic about that in their discussions and they say: How can we get interest rates down so that we can again invest and buy capital? And for a province like Saskatchewan, interest rates are the caustic capital. We use a great deal of machinery, and mining, oil, potash, agriculture, pulp and paper. It is extremely important. How do we get our costs down to be competitive? How do we get our incomes up? How do we pay the tax? And how do we stay competitive so that in fact we can generate the wealth and that we can contribute?

Well the changes that are taking place are so rapid and so dynamic that it has people frightened. It is a foundation of fear. I am reminded, and those in Saskatchewan have heard me talk about it before, but it is very interesting. My wife's father is an immigrant. He was 100 in January. And he was writing out his speech for his birthday party. He was putting the notes down. He is very aware, very astute, reads, lives at home with his wife, and he says "You know I have looked at the changes in my lifetime in the last one hundred years". He says "when I left Luxembourg", he said, "at home we did not have electricity, we did not have telephones, we did not have airplanes, there were no tractors, there were no televisions, there were no computers, there was no space travel, no polio vaccines" and he went down through the list and he was telling us all at the birthday party. And he says "you know I read today in the newspapers that there is going to be as many changes every ten years as I have seen in the last one hundred". He says "our children are really going to have to adapt to change" and he says "I can understand why they are frightened. I can understand why there is a foundation of fear". So much change. And we have seen it hit this country and we have seen it hit other countries. People are looking for something that is more solid. They are looking for a foundation.

Let me give you a couple of examples that are interesting. Why they need leadership and why they need the vision from you and the leaders in this room and from across the community. We have gone from a period where interest rates were 10 percent, gone to 22 percent, and now they are back to 10-12 percent in a matter of a few years. Try planning under those circumstances if you are going to be investing, and in some cases you need access to money. You cannot really trust the forecasts. We have gone through a time when trust companies are not trusted. Even the word frightens some people. We are going through a time, and we have been through a time where churches and charitable institutions are falling under clouds of distrust and controversy at a minimum, to say the least. Business mergers for the sake of mergers and for the sake of commissions, that have job insecurities on the line, and changes in rules and regulations, and people are looking for who do I listen to and who do I believe. All of that change at a time when we have experienced economic, political and environmental uncertainties.

It is not much wonder that people often lean back and say I wonder who I can trust and I wonder who I can believe? It is certainly, Mr. Prime Minister and my colleagues, a time for people that have our responsibility to provide leadership.

It is a time certainly for us to lock arms and to look into the future and to be very, very careful that we will consult and cooperate and work with people at the local community level.

I am not so sure anybody is really in a good mood to listen to folks preach to them, from the pulpit, or from the Conference Centre, or from the big company or the big government. They have been hit too many times and too often to really sit back and say: "Well, I am just going to believe all that".

They want us to consult, to be with them; they want to see all the alternatives, all the options, and they want to work with us as we carve out a vision for the future. And they think that is leadership. They really do. They believe that if they can be involved with us, who have been their elected people, on a day-to-day basis, then in fact they are as comfortable as they can be in this time of change.

When I look at the mood in the country -- I guess I could go back to the SARM meetings (Saskatchewan Association of Rural Municipalities) and I could use them as an example. They are hurt

economically; they represent hurt; they have talked about it. They passed a resolution recently in Saskatchewan, and we were the first province -- outside the province of Québec -- to pass the Meech Lake Accord. They passed a resolution saying no more French. No more French.

When people are hurting -- when people are in economic difficulty, they get irritable, and resentment grows quickly. And it is easy to pick on somebody else. It is the banker's fault, the neighbour's fault, the kids' fault, the federal government's fault, Québec's fault. It is the languages' fault. Too much money spent on this -- too much on that.

It is a time that I believe is potentially dangerous. I believe that it is therefore a time when we have to be as sensitive as possible to this feeling that everybody wants to be involved in the process -- the political process, the economic process, and certainly that of nation-building and revision.

Everyone of us sitting at this table today will decide whether in fact we can make productive decisions and provide productive alternatives for the future of Canada. I do not think we can afford, Mr. Prime Minister, to revert to the temptation of picking on anybody. We have too much at stake.

I do not think we can revert to the old style politics of the 1970s and 1980s. There is too much change and there is too much at stake to revert back to old habits.

My first meetings, when I was elected Premier, were not particularly pleasant -- at the First Ministers' level. There was a lot of controversy and a lot of division in the country. We have an opportunity to learn from that and we have an opportunity to do some rethinking about how we get along and how we respect one another.

It takes courage and it takes patience to listen and then to lead. And I believe, Mr. Prime Minister, that we better listen to our hearts, and we better use our minds, and we better be as creative and as cooperative as we can be.

Let me give you some examples where I think that we have to listen very carefully, and I will share with you some of the observations that my local people have made with respect to some of the economic options that we face here in the country.

I do not know what impact interest rates have on a province that is in a boom, like Ontario or perhaps Québec or others. But I can tell you for a province that is facing minus 4.2 economic growth, because of drought and some other things. And I can tell you for a province that exports almost everything it does abroad that high interest rates and a high Canadian dollar do not help. And it is so difficult to try to provide the optimism for a jurisdiction that is faced with those kinds of problems. After going through 4.2 negative economic growth, to face higher interest rates and the exchange rates that we face now, it is disheartening for people.

And they need to know that there is some light at the end of the tunnel when it comes to interest rates. When there are so many people that run so many small businesses, including farms, ranches, in a province like Saskatchewan. They have to have some opportunity to see some hope.

The same applies with respect to more tax. Well let me just touch on the Goods and Services Tax. People do not understand the Goods and Services Tax. If I was to summarize it, I suppose I could put it this way.

The truth is it is unpopular.

THE CHAIRMAN:

Grant, the truth is it is very unpopular.

HON. GRANT DEVINE:

Thank you for that correction.

THE CHAIRMAN:

I just put that in for Mr. Wilson's benefit.

HON. GRANT DEVINE:

Well, let me just add a couple of things to this. The truth is it is unpopular -- it is very unpopular.

The second truth is it is very poorly understood, particularly because it is complicated. It is complicated. I do not know of a business person out there that could begin to explain it, and I do not know of a business person that I have met -- in small businesses and larger businesses, and farmers and ranchers -- who have given it a fair amount of thought, that could describe how it is going to be more smoothly administered than what we have to date.

And they all come back and say: "Well, if the current system is so bad, Mr. Prime Minister, how did we get all this economic growth?" I mean, we see booms in Ontario; we see a boom in Québec; and we see a boom in B.C. And we have all this economic activity, and I guess the production tax has gone from 9 percent to 13 percent. And we do not see it -- at least they do not. And they say: "Well, now I am going to replace this with something that I see that is more complicated, and it is going to help even more."

Well, I guess what they are trying to say is that -- or I am trying to say -- they do not buy it. Because in areas where we have had a lot of economic activity, it has been very successful with the production tax. I am absolutely against production tax. I mean it makes no economic sense at all to have it on production when you can have it on consumption.

But if you put in that, the complications of all the bookkeeping and all the bureaucracy and all the bookwork -- it is just extremely, extremely, not only unpopular but perhaps unproductive, because the spirit of it -- the spirit of being productive is taken away. They just cannot feel good about it.

I have been, I guess -- as I say, I have travelled across the province of Saskatchewan, talking to Chambers of Commerce, farmers, ranchers, accountants, and others, and I can say as well that, as an economist, they are worried about the distortions. And the distortions that you can build in because of exemptions -- and I know that there are many arguments about the exemptions, but the distortions that go into a market when you start to do that, they are very, very worried about.

I can also tell you that when we get into the complications of funding transportation, railroad versus airport -- and historically in a province like Saskatchewan, transportation is very, very important, particularly to have some cooperation between

the federal and provincial governments -- they certainly want to be consulted on that.

With respect to things like the environment, interprovincial trade barriers, they do not understand why we wrestle over the various arguments that we have had -- coming up with conditions where we will not trade with each other when we are promoting free trade internationally -- or why we cannot sit down and agree environmentally that here is the research that we should be doing. We both agree, and we can both do it; so I do not have to do one, and then another jurisdiction has to do one, and then another jurisdiction and then, after it is all over, the federal jurisdiction.

If there is anything that we can do to simplify that they would certainly give us credit and give us marks.

What they told me is that we have to do -- I have to do -- and I think it applies across the piece, to the federal counterparts as well -- is listen to people, consult with people, help them better understand the options. Better understand the options, not only with respect to economic things but also with respect to constitutional things.

Let me just touch on the Constitution for a minute. The people in my province are very, very confused about the Constitution. One, most people have not read the Meech Lake Accord; they are frustrated with the fact that we argue and argue about it. As I said, the local municipal government has passed a resolution that there should be no more French in the province in terms of bilingualism and publishing various kinds of things.

I think it is probably best -- maybe I could best describe it if we went back to an example in my family.

Gentlemen, I have two daughters in university. Our oldest daughter, Michelle, is in Québec, at Laval, and our second daughter is at the University of Regina, both raised in the same home, both given the same affection. One is going to school in Québec; one is going to school in Regina. They are both worried. They are both bilingual.

Our daughter, Michelle, in Québec, says she really feels the pain of Québeckers if we reject them. She says it is real bad. These are good people. They are honest people, kind people. Most

are Canadian-thinking people, but she says they would really hurt if, under these circumstances, we rejected their appeal to be part of the country. And our daughter, Monique, in the University of Regina says: "Dad, I do not understand all the demands that Québec people are putting on the country. Do they not know that we like them and accept them. Why do they have to have this, and this, and that?" And the two daughters get together and you think that it was sort of a First Ministers' conference on the economy and on the Constitution.

Growing up in the same household, they both speak both languages and they feel the spirit of both campuses.

People are confused, Mr. Prime Minister. It is going to take leadership and it is going to take co-operation.

I talked to an SARM delegate, and I am not -- this is not any surprise to the people sitting around here. And they thought that Manitoba people had almost given up on French. At least that is what they thought in Saskatchewan and said, you know, the Premier is taking a pretty hard stand there because it is unpopular and doing well. And then they heard that Manitoba was going to provide French language in most of the crown corporations and in the departments in terms of services.

Well, the SARM delegate could not figure that out and said I thought they were all against it, he said. He says I am confused. And then he heard my colleague here, the new Premier of Newfoundland, say on television about the same morning, or the morning afterwards, he says: "I believe that Québec is a distinct society". Well, you should have heard the SARM convention that morning. You know, gosh, I did not think that they were distinct. And now you have got him saying that they are distinct and we are going to publish in both languages. What are they arguing about? Well, all I am pointing out, Mr. Prime Minister, my daughters are wondering what it is all about; my RM communities are wondering what it is all about; the Premiers are sitting here trying to sort it out.

I believe that it is going to take a great deal of passion and courage and understanding and patience to make sure that we can build the kind of nation that Frank McKenna was talking about, where in fact this country will be one of the greatest nations in the world. This country will provide opportunity and a multicultural basis that we have not seen in history. It is going

to take tremendous leadership and tremendous understanding to make sure that we do not succumb to the temptations, no matter how bad we are hurting at home or how bad the political pressure to lean unduly on our neighbours. I know when my people suffer because of the lack of rain I need the compassion and help from people from across the country and I want them to understand. And I know when the fish do not swim and there is no jobs because of it, they need my understanding. And we do not do a whole bunch of saltwater fishing in Saskatchewan. But we have to be that, we have to understand that. And it is severe and it hurts when it does not rain or the fish do not swim. It is real.

The obligation will be on us to show that kind of leadership. The obligation will be to go back into those communities where the fish are not swimming and where it is really dry for the fourth or fifth time and listen and be with them and help them plan the kinds of things that we can do. That is what they want to see.

Well, the combination of things, in summary, Mr. Prime Minister, that this conference has to do -- many of them have been presented and I will just briefly summarize them. I believe that we should give very, very serious attention to making sure the Constitutional Accord is passed so that we can get on with building the country. We were the first province to support it, and we still support it. It is not perfect. Others have said -- as the Premier of Ontario did a very, very fine job of describing that. I give full credit to every national leader of all political parties that supports it. Mr. Broadbent supports it; Mr. Turner supports it and you support it. And that says something about the country. Because all these leaders have been in every pocket of this country from coast to coast, from Newfoundland to Victoria and they know what is at stake. They know how emotional it is, as my daughters have picked up. They said we should support this and get on in the second round and the third round and probably the hundredth round of making the Constitution more perfect. I believe we should. I believe we are flirting with some dangerous destiny here.

The second thing is that I believe that we have got to work in a more cooperative fashion at all levels of government, with local people at the community level to help them build and to listen to them and be as close as we can so that they better understand some of the things that we are doing, and particularly, the high priests of the bureaucracy say that we should be doing.

Third, I think that we have -- and I agree with those that have described it -- I think we should be very, very determined to build and to put resources into a very progressive educational and training system for the twenty-first century. That is where we are going to make the difference, and education will be extremely powerful. It will be just the most, it will be more so than anything that we can probably find in terms of economic activity.

We have to make sure that people believe the tax system will be fair. Right now they do not believe it. They may not believe that the present one is fair but they are not convinced that the new one is any better. And if they do not believe it it is almost like the spirit of the country when we talk about the constitution. If the spirit is not there, the productivity is not there.

The spirit of that system that we design should make people say "I believe in it". If they do not, it is just pouring water uphill. It is more difficult. The truth is, they do not understand it and they do not believe it is in the best interest of themselves or the community or the country. That is the truth. And they want to be involved. I want to be involved seeking that. We want to be competitive and there are many things that we can do to be competitive.

I will just say finally that your remarks were most appropriate when you talked about the glue that holds us together. The productive nature of this country, the things that we can be, will depend on the soul. The soul of this country is the political soul -- how we feel about each other; whether we are compassionate enough to put our arms around each other and walk through the twenty-first century as we walked through two world wars, and we walked through all kinds of things. That is going to be the real test of our metal. And I have sensed at the meeting last night and again in this room a real common bond of believing in the country. And I am going to encourage every First Minister and all their advisors and all their colleagues to work as diligently as possible to build this nation politically, because after that economically it can be good times -- optimistic, like I am and like you are about our future.

THE CHAIRMAN:

Thank you. Premier Devine. I have special sympathy for the agricultural community, and the agricultural community represented by the Premier is the only one I know that has been clobbered by drought, grasshoppers, collapsing commodity prices, and a subsidy war between the European Community and the United States. So just when Saskatchewan and some others have gotten up they get knocked down by matters that are beyond their control, and you are quite right in defining the needs of the nation and being in conformity with the soul of the nation. That is why the federal government had to respond. We were criticized for it -- had to respond in dramatic fashion to the calls from Western farmers. They were going belly-up. And we got criticized by all kinds of so-called experts about massive infusion of cash. And it was not massive infusions of cash; it was a lifeline to farmers and, in other cases, fishermen and so on. And you are quite right, Premier, in bringing those up and I know that you have aroused, not only today, but in the past the sympathy and understanding of your colleagues and I thank you for that and I wish you well.

We have four more of our colleagues to hear from: Premier Getty, Premier Wells, and the Leaders of the Government in the Yukon and the Territories. What I would suggest -- it is two o'clock -- I would suggest we take a ten minute break and come back at ten after two and move on until we hear from everybody.

Now, I think the media agrees with me. So we will see you in about five or ten minutes.

COFFEE BREAK - PAUSE-CAFÉ

THE CHAIRMAN:

I would ask that the First Ministers return to the table and that interviews with the media cease, please.

Colleagues, I would ask that the interviews with the media please cease. If the media would return to their seats, please, the First Ministers and Ministers can get on with concluding what is already a very lengthy -- I think this is going to solve the problem of the afternoon session, as we are well into it and no one has had lunch, and we will not for a little while.

This afternoon -- may I ask for your attention, please?

Votre attention, s'il vous plaît. Je me propose de demander au Premier ministre Getty de prendre la parole. Nous avons le Premier ministre de l'Alberta, le Premier ministre de la province de Terre-Neuve, les Leaders du gouvernement au Yukon et les Territoires du Nord-ouest et il est deux heures et quart. Alors, on a quand même du pain sur la planche avant de terminer nos travaux publics pour cet après-midi.

Alors, j'aimerais demander au Premier ministre de l'Alberta, l'honorable Don Getty, de bien vouloir prendre la parole.

Premier Getty.

HON. DONALD GETTY (Premier of Alberta):

Mr. Prime Minister, Premiers, I want to start by adding my welcome to Premier Filmon and Premier Wells, to our First Ministers meeting.

I have had an opportunity to work with both them at Premiers' conferences, I have enjoyed that. They have added considerably to our deliberations and I believe they are going to make strong contributions to our First Ministers' meeting as well.

Like all of you, I am pleased that we have these opportunities to contribute to a greater understanding of important national issues that shape our country's future. Since our last annual conference in November 1987 in Toronto, there have been a number of historic developments, and I would like to touch on two of them.

First the Canada-U.S. Free Trade Agreement. It was strongly supported by Alberta. It has now been signed and implemented, and I want to applaud you, Mr. Prime Minister, and your government, on the initiative and determination that you have illustrated to Canadians in making sure that agreement was signed and implemented.

I thought it was a superb example of intergovernmental co-operation. We, as First Ministers, worked very well together and we helped you to negotiate and implement the agreement.

The security of access to the U.S. market that it provides is a major factor for future economic growth in Alberta and Canada, and we must continue to work to make sure that trade initiative succeeds. We cannot take it for granted at this stage.

Now, that model of full provincial participation in trade matters, that we unanimously agreed to in 1985, and that the Premiers again endorsed in August in Québec City, must also be the model for our multi-lateral trade negotiations because those negotiations are entering their final critical year.

Just as the free trade agreement was vital to our economic future, so are the multilateral trade negotiations because they are going to allow Canada and all of us to expand our trade throughout the world.

Another historic event I want to talk about is one that Albertans are very proud of and that was on October the 16th 1989 when there was an election and the people of Alberta democratically chose the person they want to fill the Alberta vacancy in the Senate.

In doing something that has never been done before in the history of our country, we recognized that there could be risks because Albertans were walking a path that had no foot prints, a path that no Canadians had ever walked before. We had the courage to face those risks. And I believe the momentum started by that election will never be stopped.

I want to turn from those two events to some comments on our economy. It is extremely helpful that this meeting enables us to exchange information and views on the economic performance of our country, and to take a partnership approach to economic decision-making.

The overall Canadian economy experienced strong growth in the 1980s, but Alberta has only recently rebounded from a sharp downturn. And thanks to the resourcefulness of Albertans, now the Alberta economy is one of the growth leaders.

Last year Alberta's economy grew 8.7 percent. That is the highest in the country. 40,000 new jobs were created. That solid growth has continued this year. It is being led by private sector investment; confidence in Alberta.

More Albertans are employed now in our province than at any time in our history. Alberta's unemployment rate is down to 7 percent. Four years ago it was approximately 13 percent. We believe our unemployment rate is now the second lowest in Canada.

Business investment in Alberta, in non-energy sectors is growing at a rapid pace and that is important to us in our quest for diversification. Housing construction starts are up over 30 percent from 1988 levels, and retail levels in Alberta -- retail sales are the highest per capita of any province in Canada.

As we move into the 1990s, we see strong investment and increasing exports. Demand for natural gas in North America is increasing as economies expand, but also, as people recognize and become more aware of the environmental superiority of natural gas as a fuel.

Our government's commitment to agriculture, as the number one priority, has seen a new confidence and stability in this key sector. When I comment on agriculture, Prime Minister, I want to congratulate the Deputy Prime Minister, Don Mazankowski, in launching a review of national agriculture policies, because in building a more secure agricultural community we will strongly support national policies that are aimed at self-reliance, market responsiveness, recognition of regional diversity and sustainability.

When we last met in November 1987, I talked about Alberta's commitment to diversification. We are making it happen. We have made significant progress.

Our economic growth is not coming from increased activity in the oil industry, it is coming from petrochemical developments, forestry developments, tourism growth, manufacturing and food processing activities.

An exciting part of our growth is in science and technology. And some of you have mentioned that today. But as we build our future in Alberta, putting together the important elements of research, science, technology and our education system is going to be the key to how Alberta competes in the future.

I am very pleased that at the recent Premiers' Conference we agreed the next National Forum on Science and Technology will be held in Alberta, in Edmonton, in the spring of 1990.

I cannot leave discussion of Alberta's economy without saying a word, Mr. Prime Minister, to you, your government and the Alberta members of Parliament, because they provided exceptional support for our \$1.3 billion heavy oil upgrader in our province, the \$4 billion Oslo oil sands project and major initiatives in science and technology.

And as you mentioned earlier when you were talking to my colleague Grant Devine, there has been a major commitment to agriculture on a cooperative basis, by our governments, particularly when that need was there and our farmers and ranchers were hurting.

Remember that the major projects, that have been supported in Alberta, will have key spin-off effects for investment and increased job opportunities, not just in our province but all across Canada. In our province, they are spread across Alberta, whether it is forestry, or petrochemicals, or Oslo or the Husky upgrader; they give people a chance to remain in their own communities, and build their families in those communities, with their friends, and where they want to live, and not have to go to the larger population centres.

I also want to mention a subject that does not attract headlines. There are exciting developments affecting Alberta's native people in Alberta. I want to highlight them.

Last year, the Alberta and Federal governments signed a Treaty Entitlement Agreement with the Fort Chipewyan Cree Indian Band. As well as that though, Alberta has reached agreement with the Sturgeon Lake Band, the Whitefish Lake Band, and we have negotiated our part of an agreement with the Lubicon Band, Mr. Prime Minister, and I would like you to work with us to bring that agreement to the final stage of having the federal government a part of it.

And for the first time in the history of Canada, Alberta's Métis people finally have a land base they can call their own - one million two hundred thousand acres, and, as I promised in this room at a federal-provincial conference, they also have self-government.

On July the first, I was in the small Métis community of Chican, to sign that document, and I can remember the eyes of the people that were there; it was a great experience. The Métis people in Alberta, now have an opportunity for dignity, pride,

ownership of land, an opportunity to build homes, farms and businesses, and become full partners in Alberta's future.

As I said, these matters do not attract a lot of attention; certainly not headlines, but they had to be dealt with. It takes a great deal of trust and understanding to succeed, and I think, in their own way, they will leave a superb legacy for the future strength of our province.

We cannot talk of development anywhere in Canada without talking environment. In pursuing a more diversified economy, we are strongly committed to careful development which is compatible with our environment. This concept recognizes the economic needs of today while maintaining our resources for future generations.

I do not know how many times you need to say it, but I am saying again here, a national scene, projects in Alberta will only be approved if they are environmentally acceptable otherwise they will not proceed.

Now, as you mentioned earlier, it is important to emphasize that we have achieved economic growth without major increases in our Alberta government program expenditures. The private sector has been the engine of growth in our province. We do not have the luxury that former Alberta governments had to use large expenditure increases to build that growth.

Our average annual increase in program spending over the past four years has been 1.3 percent -- 1.3 percent average program growth over that period of time -- and that is the best expenditure management record in Canada. Our economic growth and diversification initiatives are working. However, there are some storm clouds on the horizon. Our progress could be stalled by several factors: persistently high interest rates, the proposed Federal Goods and Services Tax, the possible failure of the multilateral trade negotiations for agriculture and if governments fail to cooperate and coordinate their environmental management.

Mr. Prime Minister, from our perspective, we see the Bank of Canada and the federal government locked in an impossible policy conflict and all Canadians are the losers. The Bank's high interest rate policy increases debt servicing costs and the federal deficit.

Federal expenditures and rising consumption taxes feed directly into inflation and higher interest rates. That policy deadlock must be broken.

Interest rates must be reduced. Your fiscal policy must be tighten. To initiate the process, we believe short-term interest rates must be reduced. We suggest by at least one and a half percent over the coming months.

This will have the immediate effect of stimulating investment by Canadian business in Canadian projects. It will reduce the large gap between Canadian and US interest rates.

Rates in Canada are now over 4.35 percentage points higher than the rates in the United States. 435 to 438 basis points today. That is greater than our historical average of 1.2 percent. We have a chart here which we are going to pass out to you and it shows you this dramatically different spread from the historical average.

We say to you, Prime Minister, and to your Finance Minister that must change. Reducing interest rates would bring down our overvalued dollar. As other Premiers have mentioned, it would allow us to compete effectively in world markets.

Remember, the lower rates will have a greater impact on your deficit than any new taxes that you could levy on Canadians.

Mr. Prime Minister, the people of my province will not accept the Federal government's proposed Goods and Services Tax. Alberta is absolutely opposed to this tax.

You know historically we have never had a retail sales tax. We do not want one.

At Alberta's initiative, the Premiers in our recent annual meeting in Québec, took some time but they concluded and described the tax as unacceptable. They asked their Finance Ministers and Treasurers for a report on the economic impact. The all-province paper by the Conference Board of Canada was received last week and has been talked about today. It confirms the devastating economic impact of this tax. It will cause higher inflation, higher interest rates, reduced investment and job losses right across the country. Alberta frankly will be among the hardest hit.

Clearly, the provincial and national economies face a period of weak and uncertain economic performance if this tax is proceeded with. Our assessment is not a narrow point of view. Our assessment is shared by independent economic forecasters.

As well, provinces face the prospect of a substantial loss of revenues, pressures on provinces to increase spending and higher deficits. The federal-provincial fiscal balance will be shifted dramatically towards greater centralization. Alberta cannot silently accept those changes that we believe seriously harm the Canadian economy and the very fabric of our Confederation.

Let me reiterate for emphasis. The tax will damage our economy. It will leave us with fewer jobs, reduced economic growth. It will mean higher provincial deficits. The tax will be a nightmare for individuals and businesses. It creates unbelievable paperwork. As well, by your own statements, there will be thousands of new Federal Public Servants who will have to be hired which will add hundreds of millions of dollars to the cost of collecting federal taxes. Canadians simply cannot afford this tax.

Albertans do not have a retail sales tax as I have said before and they do not want one.

Mr. Prime Minister, you said earlier, you mentioned that you are leaving the door open to provinces on the Goods and Services Tax. You do not have to leave the door open to Alberta. We are not coming in.

I want to emphasize on the matter of interest rates and the Sales Tax. This is the unanimous position of Premiers. We are not ten people who walked in here, we are ten people who represent the provinces of this country as First Ministers and there are not a lot of things often that people say we can be unanimous about. I think we can by working together.

I point out to you and to Mr. Wilson, we are unanimous on these two issues and I think that you have to consider the impact of that.

There are other key issues, Mr. Prime Minister, which we have to pay attention to.

A priority that you have identified is protection and enhancement of the environment. Alberta has been a leader in environmental management. We were the first to establish a "Department of the Environment". It came to light very dramatically over the past year, we have the only hazardous waste treatment facility in Canada. We have strong, tough environmental laws.

Alberta is determined to continue to demonstrate leadership in meeting our environmental responsibilities. We will go into this more in the coming days but the following initiatives are part of our plan:

- we are putting in place a round table on the environment with the other provinces as well as making sure we have solid dialogue within our province;
- Albertans are having enhanced opportunities to participate in decisions affecting their environment;
- new legislation is being introduced to further strengthen and protect Alberta's environment;
- we are developing a comprehensive recycling program. It is being introduced as a result of extensive public hearings which we started three years ago in 1986;
- the government is going to promote further research and technology and we are going to help in establishing environmental industries.

We recognize and I know that you recognize that protection of the environment is a shared responsibility. Events in Alberta and other provinces over the past year have demonstrated the need to clarify the various roles and responsibilities for environmental protection. There have been court decisions, there have been unilateral actions and they have created a climate of uncertainty and a confusion in people's minds and investors' minds that must be addressed.

I want to make it clear -- Alberta has always fulfilled its environmental responsibilities. That is not new. Until recently, we have been very happy with the way that the federal government has recognized our jurisdiction and our capability and our commitment.

I know that we have worked together under the framework of an agreement that has been extremely successful. We want to continue that.

In August, the Premiers emphasized that we must have effective environmental protection that respects our constitutional responsibility. As First Ministers, we now have before us a "Statement on Interjurisdictional Cooperation for the Protection of the Environment".

We believe those principles will demonstrate to Canadians the commitment around this table to work together on environmental protection and sustainable development.

Shifting, Mr. Prime Minister, I am going to say to you how personally pleased I am that at recent Premiers' conferences and now here at a First Ministers' Conference we are focusing on the family. Families are sources of great joy and satisfaction and, at times, sadness and frustration. But in Alberta, we believe the family is the bedrock of our society.

The Alberta government recognizes the significance of initiatives which will help families cope with their work and home responsibilities. It seems like in the past this subject never got on the agenda at First Ministers' meetings and I am extremely pleased that it is.

Initiatives to help the family are of critical importance to parents. Those who choose to work in the home, those who choose to work outside the home and those who must work outside the home to support their families.

We know that by focusing again on families as the foundation upon which this nation was built that we can start to make headway against the problems that face our society: the drug and alcohol substance addiction, family break-up, divorces, child abuse. We think that all of these can be partially, partially I admit, but can be partially dealt with if we once again focus on the importance of the family in our communities.

Today, Mr. Prime Minister, we have heard common visions for Canada's future and I have enjoyed the discussion. Alberta shares those visions as well.

Most Canadians know that Alberta's vision of Canada's future involves meaningful changes to Parliament in our federal system. Our federal system, our federal institutions and practices must reflect equally the needs and aspirations of all partners in Confederation.

Albertans and other parts of Canada must feel that their ideas, their views will command the same respect and weight in the shaping of national policies as that given to more populated areas of the country. And I congratulate you, Mr. Prime Minister, on the amount of time you have put in working with us in the smaller, lesser populated parts of this country.

As we have talked today, people challenged me and Alberta as to why I support the Meech Lake Accord. Well, I do it because I feel strongly about our country, strongly about building our nation by concentrating on ways in which it will be stronger. Not on our diversities because by doing that obviously we can only pull ourselves apart.

The Accord is an attempt to heal. And often, to heal takes sacrifice. Also, of course, as you know I have concluded that this Accord carries within it the key to open the door to Senate reform.

Some disagree with me on that but I believe it because I have faith in the people around this table. Some say it is misplaced but I do not believe it is. I have worked with you too much. I think that it is ironic when I hear Premier Vander Zalm and Premier Devine express their support for this Accord today and know that either one of them by advocating scraping it, trashing it, could probably increase their popularity in the polls by some ten or fifteen points.

That would be temporary in my mind but nevertheless it is ironic that this has this much potential.

The government of Alberta has long been committed to achieving Senate reform. We believe there is such a fundamental flaw in our current federal system because the House of Commons with majority representation, and I understand that from Central Canada -- that is where the population is -- is not balanced in the Senate by equal, effective and elected representation.

I think the Fathers of Confederation created the Senate to present that balance. But the flaw is that the Senate is also

dominated by the population centers and it is appointed. You cannot, in our democracy, balance an elected House of Commons with an appointed Senate.

Alberta is convinced in our democratic system the people should decide who will represent them in the two Houses of Parliament.

So, the provision in the Meech Lake Accord which commits all governments to undertake Senate reform is vitally important to our province. As I mentioned earlier, Alberta recently took this significant step towards Senate reform.

On October the 16th, Albertans went to the polls to choose who should represent them in the Senate. This marked the first time in Canadian history that people generally had the opportunity to choose a senator. And Albertans have made their choice.

In my letter to you, Prime Minister, of October the 19th, I urged you to appoint Mr. Stanley Waters without delay. To ignore the decision would be a rejection of Albertans.

Now some have tried to paint our feelings on this matter -- I think, in a negative way -- as a threat. And it is not a threat. And that is not changing our position at all. I have far too much respect for you and my colleagues around this table to ever deal with you in threats. I would never want to receive a threat and I would never deal with them either with any of you.

We do not deal in threats, we deal in strength. What I want to express to you -- all of you -- is the strength of the feeling in Alberta about our Senate election and about Senate reform.

Alberta will continue its efforts to achieve a triple "E" Senate, and I am pleased so many of my colleagues around this table are now in support of that.

More of you have to come on side in terms of Senate reform. I would like to hear from Canada; I would like to hear from Québec; and I would like to hear from Ontario -- a commitment, a public commitment to Senate reform.

We have sat here and talked about how are we going to work together to strengthen this country. What a perfect way -- to

reform the Senate, because a reformed Senate will strengthen this country.

Now in Alberta, we do not feel Senate reform is going fast enough. And if, in Senate reform, we have to take small steps to start, let's at least take them. I do not think it would be unreasonable to come out of this Conference agreeing on a date for the first national conference on Senate reform during 1990. I do not think that would be an unreasonable commitment.

We have, and we hope that we will continue, the Alberta Task Force on Senate Reform under the Deputy Premier of Alberta -- continue to work with the other provinces, to develop the agenda, develop the position papers that would be necessary to make meaningful progress. But we think we have to start.

Who around this table is against Senate reform? I do not think any of you are.

Who around this table is against letting the people choose, therefore an elected Senate? I do not think any of you are.

Who around this table is against the principle of equal provinces? Prime Ministers expressed it today. I do not think any of you are.

It flows then that we should have equality in the Senate.

And who around this table is against making the Senate effective for the first time in Canadian history, really effective?

Now those are not difficult principles to accept: elected, equal, effective.

To accept those principles is not asking a lot. The key is to start the process of turning the principles into the fact, and that is what I think we have to do.

We need the determination to start. So I urge all of you to give a signal -- let us give a signal together to the Canadian people. The time for Senate reform has come.

As I said, if we must take just smaller steps now, let's take them. Let's not stall this initiative.

In conclusion, Prime Minister, as First Ministers around this table, we share in today's world heavy leadership responsibilities. It is at a rapidly changing and challenging time in Canada's history.

How we fulfill these responsibilities, how we meet the challenges is crucial to our nation's future. That is why we are here. Can we provide the courage, the determination, the foresight that Canadians expect of us as leaders?

Hearing your opening statement, Prime Minister, I think we can -- and hearing the comments of my colleagues.

So how we deal with environment, taxation, fiscal responsibilities, international competitiveness, families, economic equality for women, and reforming our national institutions -- how we deal with these things is going to be how we build our nation. And it is going to be our legacy -- of those around this table -- our legacy to future generations.

Now you have my commitment, as difficult as the challenges before us are -- you have my commitment that Albertans will participate with all of you, completely, emotionally, and courageously. We welcome challenges and we are determined to succeed.

Thank you very much, Prime Minister.

THE CHAIRMAN:

Thank you, Premier Getty, very much. The Premier's reference to the importance of federal-provincial relations is best symbolized by the Premier of Alberta and the Prime Minister of Canada meeting informally, without an agenda, in Red Deer in the middle of the summer on a Saturday afternoon and talking over some of our problems. That is, I think, the attitude that has to motivate us all and, with that kind of approach, I think we can probably continue to make some good progress.

I just mention, en passant, that as agreed at the first conference provided for in the Agreement -- the first conference after the Meech Lake Accord, the federal government will be ready to put forward a comprehensive position on Senate reform, which

will deal with all of these matters. That was the commitment I gave at the time, and that is the commitment that I reaffirm today.

Clearly, you do not get from here to there unless Meech Lake is through. And that is why there is no possibility, really, of this reform, of which you speak so eloquently, unless and until Québec is part of the constitutional family -- which is another reason why it is so important.

I mention that, inasmuch as it will not probably be referred to by our next speaker, the Premier of Newfoundland and Labrador. And I begin again by welcoming Premier Wells here. This is his birthday. I am told this is his birthday today, and I extend best wishes.

I want to tell the Premier that we will wait till after your speech to decide if we will sing the song.

A warm welcome to Premier Wells at his first official meeting, and I will turn the floor over to him.

HON. CLYDE WELLS (Premier of Newfoundland):

Thank you, Prime Minister and fellow Premiers.

First, I should express to you, Prime Minister, and to my fellow Premiers my appreciation for the warmth of the welcome that I received last night. And contrary to some of the stories that were in the media today, the welcome was warm and not hot, in the hot sense, but warm, and I appreciate that warmth.

I appreciate also your reserved good wishes for birthday and I will see if I can inspire you to sing afterwards.

In this opening statement, as tempting perhaps as it is on this occasion to address the main constitutional matters because it is of such importance to the country as a whole, I intend to focus on economic matters because that is of most importance to the people of the province of Newfoundland and Labrador at this point in their history.

These issues range from specific problems in our fishing industry to the general problems of regional disparity -- with which we have been beset for so many years -- regional economic

development, as well as of the effects of national economic policy in the Meech Lake Accord on regional disparities.

The fishing industry is facing an economic crisis, and I use the word "crisis" advisedly. The Newfoundland economy will suffer major dislocations and massive employment losses. While we must institute policies and programs to deal with those dislocations, we must also look deeper at just how Canadian fisheries policies and management practices are formulated and implemented.

Because in addition to the economic crisis, I believe there is a crisis of confidence in Canadian management of the fisheries.

A federal task force advised in 1982 that northern cod landings alone would reach 380,000 tons by 1987. Well next year, the scientists tell us that we cannot possibly go over 190,000 tons, and we may have to go a good deal less. That is just 50 percent of what was projected.

And the fishermen and the fishing industry of Newfoundland and Labrador built boats and plants and geared to catch all this fish.

These were predictions that stimulated great hope in the province and the investment of hundreds of millions of dollars in the fishing industry. The industry was encouraged and led to plan and invest for 100 percent more northern cod than it will actually have.

In 1990, Newfoundland will lose in excess of 3,000 person-years of employment. This will translate to about 6,000 jobs -- in a province that already is struggling under an unemployment rate that, for all of the last 10 years, has been more than twice the national average.

Let me just place this more clearly into perspective. If you had to measure the equivalent loss in Ontario, it would amount to closing down the entire automobile industry of Ontario. That would be the comparable effect. And I am not talking just about the plants that produce the cars. I am talking about the entire automobile industry and all of the smaller units that supply the automobile industry of Ontario.

Now how would the government of Canada react to that catastrophe? Well that is just about what is to happen to Newfoundland and Labrador next year, in relative terms. On top of a situation where we have, as I say, an unemployment rate that is more than twice the national average -- and worse than that when you really assess the full nature of it.

Such losses in Ontario would be a disaster. These job losses in Newfoundland are no less a disaster, a disaster resulting solely from mismanagement of the fishery stocks by the federal Department of Fisheries and by foreign overfishing on the nose and tail of the Grand Banks.

At the same time that I say that -- that is what it has resulted from and there is no question about that -- I must also be honest enough to say, Prime Minister, that if the province of Newfoundland had had the legislative jurisdiction that the former government sought and had been managing it, we would in all probability have relied on the same scientists, used the same advice, made the same decisions, with the same disastrous consequences.

So I do not address it to the federal government in a blameworthy sense. I just note that it has always been federal jurisdiction. My predecessor sought to get legislative jurisdiction in the fisheries, and I differed with him philosophically on that and, for practical reasons, I felt it should be a national jurisdiction. And when I look at the financial consequences of it now, I say I am much relieved that he was not successful.

But I must acknowledge, Mr. Chairman, also for the benefit of my fellow Premiers, that the government of Canada is equally aware of the seriousness of these problems, as evidenced by its appointment of a special Cabinet Committee, its appointment of the Harris Panel, and the creation of a special task force to deal with this matter -- and the appointment as well of Mr. Allan Beasley as Canadian Ambassador for Marine Conservation to coordinate Canada's efforts in foreign overfishing.

We look forward to Dr. Harris' recommendations but, in the meantime, I should note, Prime Minister, in fairness to the federal government that both the government of Canada and the government of Newfoundland and Labrador are not waiting for next year until

these disastrous results hit. We are now in the process of developing a response to it.

And here I commend the federal government for recognizing its responsibility in this area and for the cooperative manner in which they are dealing with the province in regard to this.

The new government of Newfoundland is not advocating a change in fishery jurisdiction. It would do little, if anything, to address the fundamental problem. Most of these measures are areas for federal jurisdiction. But there are elements that fall within provincial jurisdiction. All the matters are of significant concern to provinces because of the fundamental economic consequences to the provinces. So the answer is not just to change your jurisdiction. The answer, I am convinced, Prime Minister, is in working together. That is why the new provincial government recommends an approach of shared management. An involvement in the management with the government of the provinces most affected by the management of the fisheries. So that we could provide for an opportunity for involvement of people directly involved in the fisheries. And I believe Canada as a whole would be better off because I think the fisheries would be better managed.

This concept of shared management needs a lot of work to bring it to a stage of a workable management regime. But the existing regime is clearly not working. It is a manifest failure and must be corrected. If we are to place the fishery on a stable, growing, internationally competitive footing, we must embark on the development of a new shared management regime without delay. Now that is a lot of doom and gloom for Newfoundland for the coming year. But it is not all doom and gloom. We are working again cooperatively with the federal government in the proposed development of the Hybernia offshore field. And I am confident that if working together with the oil companies involved we can bring this into operation within this coming year, it will go a long way toward offsetting some of the adverse economic consequences of the loss in the fisheries. But we will still be back where we were. It will not be enough to replace these jobs that will have been lost in the fisheries. There is also significant opportunity in the field of hydro development. Premier Bourassa and Premier Peterson and myself can continue to get together and explore the potential there. I think we can make a significant contribution to each of our three provinces as well as a significant contribution to the nation as a whole. And I am

grateful to both my fellow Premiers for their efforts in this regard.

Let me turn for a moment to a few brief comments on some national economic policies. And I will not restate much of what has been said because I share much of the views that have been expressed, particularly with respect to high interest rates. Because you see, Prime Minister, while you implement those policies or the federal government implements those policies to cope with the massive problem it may have in terms of increasing inflationary pressures in Ontario, we do not have inflationary pressures in Newfoundland and Labrador. We end up with an interest rate even higher because the real interest rate as everybody knows is the difference between the inflation rate and the actual interest rate. And Newfoundland's inflation rate is 2 or 3 percentage points below Ontario's. And that just gets tacked on to our real interest rate and is a further deterrent to business development. That is what my fellow Premiers were talking about when they expressed these kinds of concerns.

The federal government is pursuing two policies aimed at reducing the federal deficit and curbing inflationary pressures. A restrictive fiscal policy, increased taxes and reduced expenditures in the last budget; and a restrictive monetary policy which is placing upward pressure on interest rates and the exchange value of the Canadian dollar. Both these policies are aimed at curbing economic growth in central Canada and both policies are having their greatest negative effect in the less developed regions of Canada, particularly in Newfoundland.

Federal tax measures in the last budget will drain significant dollars out of the province of Newfoundland and Labrador as it will out of other provinces. The Goods and Services Tax will drain more dollars out of Newfoundland and Labrador and will further reduce the revenue that the government of Newfoundland and Labrador will receive from its own retail sales tax because of the depressing effect it will have on consumer purchases. So I share the concern that all of the other Premiers have. While at the same time, Prime Minister, acknowledging that you and your government have a job to do for the nation as a whole in terms of coping with the national debt problem and the national deficit. I do not in any way envy you the responsibility that you have. I know that you have to find sound means to do it, and I have great sympathy for it. That is why I cannot really say that you cannot possibly do this. I can only say to you, for heaven sake, stop for a little while and sit

down with the provinces, through the Finance Ministers or through the Premiers or by whatever other means is appropriate and let us look a little further at what the impact will be. And I assure you that you will have my understanding of the task that lies ahead of you in putting our national financial situation in order.

The proposed changes to the unemployment insurance program as contained in Bill C-21 are yet another example of a federal initiative which will negatively impact on the province of Newfoundland and Labrador and thereby shift the financial burden to the provincial treasury. Now the regrettable reason for this is that our unemployment rate is so high that it will become inordinately dependent upon Unemployment Insurance as a means of basic income for such a large proportion of our people. The changes which are to take place on January 1 will seriously erode the incomes of many individuals, especially those who reside in rural areas of the province where there is a lack of employment opportunities.

The long-term goal of the government of Newfoundland and Labrador is to decrease the dependency of our citizens on programs such as Unemployment Insurance. We accept our responsibility to develop and sustain economic activity throughout the province. We have undertaken numerous initiatives including the establishment of an economic recovery commission with which, Prime Minister, we sincerely hope your government will be very pleased to work and cooperate to achieve an end that, I think, you desire as much as we desire ourselves.

In the short term however, it is important that those people that are negatively impacted by the changes in the Unemployment Insurance are not simply hung out to dry. Both the federal government and the provincial government have in the past induced significant numbers of people in Atlantic Canada in general, and Newfoundland and Labrador in particular, to rely on makework programs for ten or twelve weeks of work and then Unemployment Insurance for the remainder of the year to provide them with a basic income. Having so induced people we just simply cannot cut the legs from under them without providing for a transition until they can indeed find the job opportunities that will enable them to earn a living with dignity and self-respect.

This leads me now to dealing with regional disparity and regional economic development. I sincerely wish that I could report, as positively as Ontario has, even Nova Scotia and New

Brunswick. Unfortunately, Prime Minister, such is not the case. The population of the province of Newfoundland and Labrador has been dropping year after year, after year, for each of the last five years. The dropping just stopped in the last few months, within the last year or so. There are fewer people living there now than there were in 1983. This situation when fifteen years ago we were increasing at nearly twice the rate of any other maritime province. Yet this has happened. Why? There is a reason for it. Regional disparity is a perennial problem in Canada despite good intentions of many federal policies and programs over the last twenty-five years, the disparities remain. And in fact in some areas they are growing. Two indicators are earned income, earned income per capita, and unemployment rates. Those are generally accepted measures of economic disparity. In 1961 the earned income per capita in Newfoundland was 53 percent of the national earned income. In 1987 it had increased to be a mere 56 percent. After twenty-five years, the earned income in the province of Newfoundland and Labrador has now gone all the way up to be 56 percent of the national average. We have failed miserably. That is not the Canada that was promised. It is not the Canada that we wrote into our Constitution in 1982. These figures show dramatically that there has been virtually no narrowing of the disparity gap in per capita earned incomes between the Atlantic provinces and the rest of Canada in twenty-five years.

Now, Prime Minister, I would be less than accurate if I did not say Newfoundlanders and Labradorians are very, very much better off today than they were twenty-five years ago. That is true. But in terms of relating their position to their fellow Canadians in the rest of the country there has been virtually no improvement. We are essentially the same distance behind the other maritime provinces as we were in 1949 when we became a province of Canada. It is not all the fault of the federal government. The province has to take its share of the responsibility for that. In 1966 the unemployment rate in Atlantic Canada was roughly 50 percent higher than the national average. In 1988 it had increased to be 60 percent higher than the national average. In my own province it has been more than double the national average for each of the last ten years. Federal per capita assistance to business in the atlantic region was more than double the Canadian average every year from 1974 to 1982. By 1987 direct federal assistance to business in Atlantic Canada was less than 80 percent of the Canadian per capita average.

Now, Prime Minister, you spoke eloquently this morning about the regional development programs in this country. Well I will deliver shortly or there will be delivered statistics and graphs which show clearly that the federal government assistance to business in constant dollar terms on a per capita basis is lowest in Atlantic Canada. Much lower than Western Canada, much lower than Ontario, much lower than Québec. And it may be true that the federal government is spending a good deal more, and your figures demonstrate that. I do not quarrel with it. But it is not spending where it is needed. Because in recent years, on a per capita basis, you are spending less in Atlantic Canada with the higher unemployment rates than the federal government is spending in the rest of the country. And though I probably will not be delivering them today -- let me also tell you that within Atlantic Canada, Newfoundland with a much higher unemployment rate, gets still the lowest share of it. There is a problem. We have not been dealing with it on a proper basis. Regional disparity is by definition not a universal problem. Therefore by definition it cannot be addressed by universal policies and programs or programs that start out as regional and become universal in time. Resources must be focussed in areas where the problems exist. Adequate financial resources must be devoted to dealing with the underlying causes of economic disparity. It is not sufficient just to increase the unemployment payments, or the social assistance payments. That is treating the symptoms, not the problems. We have got to go to the root of the problem and treat it with a view to eliminating those problems.

We think the appropriate approach is to coordinate all federal job creation, development and regional disparity programs in such a manner as to establish a nation-wide standard of grant, loan, or tax incentive, whichever you choose to provide, for every job created, and apply it all across the nation so that the Gaspé Peninsula of Québec which needs help or northern Ontario which may need help, or northern B.C. which may need help, can get it also. So the help is given in all areas of Canada where help is needed. But, Prime Minister, that help should be based on the differential between the unemployment rate in the local areas concerned and the national unemployment rate. That differential should become a multiplier. And in southern Ontario where no help is needed, no help should be given. In other parts of British Columbia or Saskatchewan or Newfoundland where no help is needed, no help should be given. In fact if you really want to curb the inflationary pressures and you were sensitive to the concerns of Saskatchewan and the impact in Saskatchewan and Newfoundland and

P.E.I. of your high interest rates, you may even penalize job-creation in Ontario because that is what is causing the high interest pressures. Now I know the political difficulty trying to achieve that and I see the wink from Premier Peterson, so I acknowledge it now. At the very least, Prime Minister, we cannot go on trying pretending that we are correcting regional disparity or making efforts to inflict prosperity on Atlantic Canada when in fact we are applying it on a nation-wide basis.

This approach to regional development requires a political will at the national level. I believe it requires the federal government. It is sensitive to regional concerns as has been mentioned by a number of other Premiers here today. It requires a federal government that fully respects the clear constitutional commitments set out in section 36 of the Constitution Act, 1982. That is the commitment to promote equal opportunities for the well-being of all Canadians. To further economic development to reduce disparity and opportunities and to provide essential public services of reasonable quality to all Canadians.

Now it is one of the ironies that this Conference should stop and think about. That we put that into our Constitution in 1982. And from 1982 to 1987 the disparity in Atlantic Canada grew. And we, instead, poured more economic development assistance into Central Canada. Why? How did that happen? How could that possibly occur when we spelled out our national commitment in the Constitution. Yet that is what has happened. Unfortunately, by some of its actions, the federal government has demonstrated that it is really not sensitive to regional concerns. Some of these actions include: backing away from what I considered to be the fundamental undertaking of this nation to all of its parts. Namely, to provide for a national transportation system from coast to coast to enable Canadians to communicate with one another and to travel back and forth and transport goods and services back and forth across this nation so as to build a nation.

Well, Prime Minister, with great respect with what your government may have intended, I say to you that over the last few years I believe you have been dismantling that fundamental character of this nation and we ought to take a serious look as some other Premiers have said at the course that we are following in this regard.

It really got started in Newfoundland when the railway was closed without putting in place a means for the federal government

to discharge to the province of Newfoundland its responsibility for the Newfoundland portion of the national transportation system.

I do not quarrel with closing the railway if it was an unequal, inappropriate or inefficient means of national transportation. But I say to you, Prime Minister, that is not enough to agree to pay \$405 million over the next 15 years toward highway transportation in Newfoundland, which is just about what would have been paid anyway, which was just about what had been paid over the last 15 years.

You must, the federal government must acknowledge its continuing responsibility to provide, within Newfoundland, the Newfoundland portion of the national transportation system. I do not mean that you have to take over our responsibility for highways. I am not asking for that. I am asking the federal government to take responsibility for the additional burden that it will have placed on the government of Newfoundland to provide for highway transportation to carry the freight and goods and people that will have been diverted from the railway by the phase-down and closure over recent years.

A similar thing has happened with Air Canada. The deregulation of the airlines and the privatization of Air Canada has wreaked havoc in the smaller provinces of this country. Air Canada was set up to ensure that there would be provided, from coast to coast, air transportation of reasonably comparable character and reasonably similar cost.

Well, Prime Minister, you have now created a situation where you can fly from Toronto to Fort Lauderdale for less than you can fly from St. John's on the east coast of the island of Newfoundland to Cornerbrook on the west coast.

What kind of a commitment to nation building is that if this is what we are causing? And that is what we are doing. It is cheaper to fly now from Toronto to London, England than it is from St. John's to Labrador City.

We have to take a look seriously at what we are doing before we rush into it because the bottom line looks better. We have to bear in mind the character of this nation in the fact that it stretches for five thousand miles across a vast land and, if we are to hold the disparate parts together, we have got to provide a means of knitting them and holding them together.

Clearly, the federal government has not fulfilled its constitutional commitment that was entrenched in the Constitution in 1982 and I am asking the government to seriously look at what that commitment is and what needs to be done to honour it.

And that brings me to the Meech Lake Accord. It has the potential to be more detrimental economically for smaller provinces than anything else the federal government has done or has failed to do. The Accord will prevent, or at least greatly inhibit, the federal government from ever fulfilling its constitutional commitment to promote equal opportunities and to reduce regional disparities even if it had the will to do so.

As well, I believe it will irreversibly weaken the federal government and halt our future constitutional evolution as a progressive and dynamic nation. The Accord undermines the Canadian Charter of Rights and Freedoms, to some degree at least, and the idea that we all have common rights and freedoms regardless of where we live in this country.

For the small province of Newfoundland and Labrador, it is important to have a strong central government with the capacity to initiate and implement national, social and economic programs. You see, if you carry the argument to its logical extreme, you could strip the federal government of everything except Defense and give the provinces all of the remaining power and let the federal government look only after the defence of the country. Where would that leave a province of Newfoundland or New Brunswick or Saskatchewan in times when we needed the federal government to provide for medicare, for child care and adequate level of medicare across the nation. Where would it leave the smaller provinces that need federal transfer payments and equalization?

You see, you can carry the reduction of jurisdiction too far.

We understand the Québec government's concern that unilateral federal action in the exercise of spending power could encroach on provincial jurisdiction. I appreciate that and I am sensitive to it.

We are concerned, however, that the ability to opt out of national cost-shared programs and receive compensation would create a tremendous disincentive for the federal government ever to initiate any of those programs. It will also, I believe, foster a steadily weakening commitment to reduce disparities and promote

equal opportunities for all Canadians, especially in the poorer, disadvantaged regions.

I believe the effect will be to constitutionally entrench the regional economic disparities that now exist and we would never have a hope of creating them if every time the federal government sought to take an initiative to correct this the larger provinces opt out and said: "We want our pro rata share".

You cannot possibly correct disparities by that means. Proponents of the Accord claim that nothing in Meech Lake will diminish the ability of the federal government to spend money in ways other than through cost share programs such as through ACOA and bilateral or regional development grants, equalization payments and transfers to individuals.

Well, as the record indicates, the record to which I have just referred we can see not only how ineffective the federal government segmented approach through regional development is today, but also how that approach is in fact exacerbating regional disparities and it reflects, I believe, a response that is not at all related to the need, but simply one that is based on the overwhelming voting power of central Canada.

And I understand that. I cannot criticize the MPs from Québec and Ontario who vote the way they do. That is their responsibility. But listen to what Premier Getty says: "We have to balance in every federation". You must balance the overwhelming voting power of the one or two big provinces that have it with a means of exercising power in a way or judging the exercise of it in a way that would be acceptable to all of the smaller parts.

It could be, and if we keep going the way we are, in a few years Ontario will have half the population of this country. Is it right that the MPs from one province should make all of the decisions on the exercise of national legislative or spending power? Is it any better now that it is done in two provinces out of the ten? What about the other eight?

And I think what I have shown here indicates clearly how it happens. Because with the greatest of goodwill over the last 25 years, the people who sat around this table as our predecessors said we have to correct regional disparities. And so, they started ADB and ADA and ARDA and FRED and DRE and DRIE and a whole of other

efforts to do it. Regional disparities are as bad today as they were 25 years ago.

Why? Because the political realities are such that within twelve to eighteen months every one of those programs are either across the country or their equivalent program is developed for every other region. And that is what has happened.

Why? Because we do not have a Senate to balance the interest of the smaller provinces of this nation. And Premier Getty is absolutely right and he expresses it very, very well indeed.

Now, having contributed to this continuing economic disparity, despite good intentions in the past, in recent years I believe the federal government has added to it. Now they have gone one step further.

The House of Commons passed Bill C-3 in June of this year to establish the Department of Industry, Science and Technology.

Section 6 of that Act spells out the two powers: one power is to be responsible for all matters, all powers of the federal government relating to industry and technology, trade and commerce in Canada and science in Canada.

Now, if there are any dozen words in the English language that will adequately encompass the entire economic future of any country of the developing world, it is those dozen words: industry and technology in Canada, trade and commerce in Canada and science in Canada. That is the entire future. That is what that department is going to exercise all federal responsibility for.

But do you know what else it is going to be? The regional economic development office for Ontario and Québec. That says to me and it says to everybody else in this country that the real emphasis on science and technology and industrial development and the benefits that flow from it will, through that department, be focused on Ontario and Québec.

That is in fact what has been happening in the last few years. And when you look at those charts that will be distributed you will see the effect of it. That is a wrong approach.

If ever we needed a Senate to look after our interest, we need a triple "E" Senate to deal with Bill C-3 when it gets to the

Senate to ensure that the smaller provinces of this nation, their interests are legitimately looked after.

I say again, I cannot blame the MPs from Ontario and Québec. They are doing what is their duty to their constituencies.

Only an effective Senate could balance the overwhelming power of the two central provinces so as to ensure that the Atlantic provinces and the Western provinces would at the very least have a fair chance at benefitting from future industrial, technological and scientific development, not to mention trade and commerce.

Bill C-3 makes the case for a reformed Senate far more eloquently than I could have if I spoke here for a year. Only by way of a triple "E" Senate will the Atlantic provinces ever have an opportunity to be full participating provinces of this nation.

We believe that the changes to the amending formula proposed in the Meech Lake Accord would make Senate reform virtually impossible. And here I differ with Premier Getty because I do not hear coming from Premier Peterson or Premier Bourassa any undertaking that they are supporters of a triple "E", elected, effective, equal, Senate for this country. I could have more confidence in dealing with the issues of Meech Lake and then getting on to Senate reform afterwards if I ever heard that commitment from the federal government and from the two major provinces. But I have yet to hear it. All I hear is that Québec would not agree with this. I have not heard any expression of what Ontario's view might or might not be.

While I have dealt with Newfoundland's concerns with the Meech Lake Accord that are economic in nature, I should not overlook the fact that we also have a concern about the creation of a special legislative status for one province that no other province would have.

And here, I ask my fellow First Ministers to please stop misrepresenting my position and the position of Newfoundland as an objection to recognizing Québec as a distinct society. Anybody who has ever heard anything that I said, or ever read anything that we have written knows that that is not accurate. We agree, Québec should and must be recognized as a distinct society; we have no quarrel with that. Our only quarrel is the creation of a special status for one province that no other province has.

And, Prime Minister, I must answer the rhetorical question you posed this morning, and I heard you pose in the news media in recent weeks, mainly: would we, in 1982, have proceeded with constitutional reform if instead of Québec it had been Ontario that was holding out and said "no"?

I say to you, Prime Minister, we most certainly would have, if Ontario had been holding out and saying "we will not agree unless we have special status in the Constitution". And I say to you, the nation would have proceeded as it did, and it ought to have proceeded in that way.

That is not to say that it is a good or acceptable situation to have any one province not supportive of constitutional reform. We should do every thing we reasonably can, short of abandoning principle, to make sure that we develop the Constitution in a such a way that it is capable of being supported by every province of this nation.

Without engaging in a detailed discussion at this time, Prime Minister, there is no doubt in my mind that by giving the Québec Legislature and the government the special role to preserve and promote the distinct identity of Québec that is referred to in the Meech Lake Accord, it creates a special legislative status that will not serve this country well, and that will have the effect of creating a province one class and leaving other provinces of a separate and distinct class.

We are greatly concerned that this is not the right approach. In the government's view, the most effective way to ensure survival of the French language and culture in North America is not through isolating Québec, but through cooperative efforts to extend bilingualism across this country, and I commit the government and people of Newfoundland and Labrador to share the efforts with our fellow provinces to ensure that we do the maximum that is possible to be done to achieve that.

We do not object to the recognition of Québec as a distinct society on the basis of language, culture and the civil law -- legal system -- Québec is distinctly different than any other province of this country. That does not make it distinctly different in its status and rights as a province.

I should also express our deep concern about the entire constitutional process applied to the Accord. Constitutional

change is not simply a matter for the Prime Minister and Premiers. It must meet with the approval of a substantial majority of the people of the country, in most parts of the country. And in my view the process of Meech Lake that excluded the Canadian people was its biggest flaw. That is why it did not have the support of the people. That is why the Canadian people are, today, expressing their disapproval of what is in the Meech Lake Accord.

The Constitution belongs to the people of Canada, as some of the Premiers have said here this morning: the ultimate source of the sovereignty of the nation. First Ministers cannot, in effect, sign an agreement and then literally force it on the millions of Canadians who are genuinely concerned about the serious implications of the constitutional change on the future of the nation.

I cannot think of a better way to totally undermine the legitimacy and durability of any such changes. We must seek a compromise that is not only fairly and properly responsive to Québec's concerns, but will also be reasonably acceptable to the majority of the people of Canada. Such a compromise must leave us with a unified Canada, made up of ten provinces, equal in their status and rights as provinces and territories with reasonable expectation of becoming provinces. It must also recognize the fundamental equality of the citizens of Canada.

Accordingly, Prime Minister, the government of Newfoundland and Labrador has put forward an alternative that we believe is aimed at achieving just that.

It is put forward as a proposal for discussion, not as an absolute "it must be adhered to". It is put forward as an alternative in response to the suggestion by Senator Murray that the provinces who object should put forward an alternative. Well, that has been done.

The government sincerely believes that it is possible to negotiate a new accord and will work constructively toward this aim. Equally, the government sincerely believes, failure to accept the Meech Lake Accord will not result in a constitutional impasse. It will lead eventually to a better accord and the strengthening of our nation for the benefit of all Canadians.

To say that failure to accept the Meech Lake Accord as it is now is a rejection of Québec is a political misrepresentation that

does great disservice to the nation as a whole and a particular disservice to the people of Québec.

I believe the comment serves only to foster and promote separatism, not to diminish. I am not rejecting Québec. The people of Newfoundland and Labrador are not rejecting Québec. I am rejecting a Canada with a class "A" province, a class "B" province and a Class "C" province. I believe that is what the vast majority of the Canadian people are rejecting.

At the very least, I can say with certainty that is what the people of Newfoundland and Labrador are rejecting. And frankly, Prime Minister, we resent greatly the implied allegation of prejudice by those who suggest that we are rejecting Québec. The objection is based on genuine concern for the future of this nature and the future of the people of Newfoundland and Labrador.

We simply want a Canada where all provinces are of the same class, and all citizens are equal, have a reasonable opportunity to contribute and have a quality of life that will leave them with dignity and self respect.

I believe that with goodwill we can come to an understanding that will provide a better economic and political future for all of the people of Canada.

Newfoundland has proposed what I believe is a reasonable alternative for discussion. It also has the merits of following greatly and meeting, to a great extent, the recommendations of the province of Manitoba.

I thank my fellow First Ministers for their courtesy in listening to me, and for the warm welcome. And I assure you, Prime Minister, and all others around this table, of the good will of the government and people of Newfoundland and Labrador to achieve constitutional change for Canada that is a fair and proper and sincere accommodation for the people of Québec, bearing in mind the interests of the rest of the country.

Thank you very much.

THE CHAIRMAN:

Thank you, Premier, for your comments. I would not try to, and it would not be appropriate to seek to engage in a debate today; it is agreed that we would do that tomorrow, in terms of dealing with these specific items.

You did make a statement, Premier, however, that I think probably goes to the heart of a fundamentally different philosophy and I will acknowledge that.

I jotted it down, and I think I have it right, it is words to this effect. You said that you would answer a rhetorical question that I had raised as to whether the government should proceed with a constitution without the support of Ontario. You said "we" -- "we would have proceeded without Ontario if Ontario had demanded something that we thought unreasonable -- special status".

My question, of course, is: who is "we"? Where do you think you would get the right to say that "we" would have proceeded without the most populace province and impose on that province a constitution that it felt was unacceptable and not in their interest?

You may qualify it as saying Ontario at that time wanted special status, but Ontario, hypothetically, would have been telling you, "no, we just want something that is reasonable for Ontario". So I think the fundamental difference in philosophy, Premier, between you and me, comes when you say, "we would have proceeded without Ontario".

Well, for me, a constitution is not something to be imposed on anybody -- not on Prince Edward Island and not on Ontario. A constitution is an instrument of generosity and unity, designed to bring people together, and it has moral value only to the extent that people willingly and lovingly adhere to it, and see in it a symbol of pride, because it represents the ambitions and the aspirations of all Canadians. And so, it would be inconceivable, it would never happen that "we" would ever impose a constitution, ever, on Ontario, if Ontario, through its duly elected government, sitting at Queen's Park, said, "We felt that this is a constitution, Prime Minister, that you and some of your First Ministers proposed -- is antithetical to the fundamental interest of Ontario". And so I think, what we may have here, and we can talk about it a little later on, is a fundamental difference of

approach. I think that there are no circumstances under which I would make that statement. And if it is true that a constitution should never be imposed on Ontario or Alberta, where then do you get the moral authority to impose a constitution on Québec?

And this, if I may, Premier -- if I may, I think this is the fundamental -- this is the fundamental difference of philosophy.

Some people say, "Well, there is the vision of a strong central government". In getting -- even in getting that in 1981-82 -- and I am not denigrating anybody's achievements. You have pointed out that the Constitution that was signed has not even been honoured. There has been more honoured in the breach than the observance in regard to some fundamental problems for Atlantic Canada, equalization and so on, if that is the case.

In 1982, '81-82, the option was to not proceed and to wait for -- and I will acknowledge that it was not easy for anybody to deal with the government at the time, committed to the separation of Canada -- and let us get right down to brass tacks, that is true -- and Mr. Lévesque had come up with 22 conditions, most of them unacceptable if you believe in a federation, and yet, Mr. Bourassa came up with five conditions and he is a committed federalist and his government is committed to Canada, and he said it again. And yet, I can understand, even though I disagree with it -- you know that I do not like the notwithstanding clause. I find it fundamentally invidious; so do you, Premier, as you said. And I can understand somebody making such an extraordinary concession like this, I can understand the Prime Minister of Canada making this concession. It is not one that I would have ever wanted to make, but I can understand why someone would make that concession.

There has never been a concession of these dimensions made by a federal Prime Minister, that anyone is aware of, in our history: the capacity to override the Supreme Court of Canada, given to all of our provinces. What could be more damaging? What could vitiate more certainly the integrity of our national institutions than that? And yet, I can understand why that could be done.

You throw in the notwithstanding clause, under pressure, as we were told, provided you get the whole deal. If that is the price of poker, I may disagree with it, but I can understand why somebody threw it in: to get a complete constitutional deal. Then people could criticize, and then the answer could be, "You may disagree; the price was high, but in return we got Canadian unity".

We paid the price and we didn't get the unity. The deal was flawed from the beginning. And that is why it is so unfair, because the process was flawed.

And now, as we turn to deal with Québec, to try and bring Québec in, on honourable terms, it is so easy to say, "I would not do that". Everybody else got what they wanted in 1981-82, and here is Québec, hanging out like a sore thumb -- "I would not do that, no distinct society for this, no this, no that because that is a favour to Québec".

If Québec had been part of the comprehensive negotiations in '81-82, the compromises in favour of Québec would have been part and parcel of the entire picture, in much the same way as if we Premiers were dealing today, pursuant to your philosophy of trying to bring Ontario into the constitution, people would be saying in Canada "you can't do that, because you are giving too much to Ontario". And yet, the difference between you and me, sir, is that there is no way I would have been placed in that position for the simple reason that I cannot, nor would I ever contemplate a constitution of value without Ontario.

And I ask you to reflect upon a constitution without Québec. And that is why the other Premiers have been talking about the need to -- we were there in '81-82, we knew the burdens that we were all under and how noble it was to take part in the exercise, how difficult it was; and we are not trying to diminish anyone else's view of Canada, or anybody else's claim on citizenship. But I tell you, sir, because I was there, and the Premiers that were there can confirm it.

As Premier Peterson said this morning, it would have been a lot easier to walk out and say no to Québec that is easy, that is the easy part of this. The tough thing is to work thoughtfully and carefully and in a spirit of honourable compromise to bring Québec in.

And I tell you, it is true that I, and the First Ministers, spend a lot of time bringing Québec in; I am proud of it. But I will tell you this: I would have spent no less time bringing Ontario in because, as far as I am concerned, the exclusion of either from a constitution profoundly vitiates the entire constitutional process and document.

And I say that about Albert or Saskatchewan, because the fundamental -- Frank McKenna said last night that the Constitution is not a piece of paper, it is a living, breathing document.

And if a constitution were not designed to bring unity and to protect individual rights, why else would you have it? We were doing okay under the old B.N.A. Act. We were doing all right. There had to be a great, new accomplishment to compensate for what we went through. And so I conclude, Premier, respectfully, by telling you, by thanking you for your participation, but by telling you that perhaps with your statement when you said we would have proceeded without Ontario if Ontario had demanded something we thought was unreasonable or a special status, that is where you and I separate fundamentally in terms of a vision of Canada because, as I say, for me a constitution without Ontario is no constitution at all. But I thank you, sir, for your ---

HON. CLYDE WELLS:

Prime Minister, I must, with respect, just make sure that we do not leave this with any difference. That is not accurate. I say to you, without hesitation, that no province in this nation has a right to hold up forever the rest of the nation, and if Ontario were in precisely the same position in 1982 as Québec was in in 1982 with taking its position that they wanted a special status for Québec, that Québec could be let out of the confederation at any time, then I have no quarrel with treating Ontario exactly the same as we treat Québec, no quarrel at all with that. And I also say to you, Prime Minister, that we have a section 38 in our Constitution, the amending procedure, and we can amend the Constitution and change it without the approval of either one or other of Ontario or Québec, but not both. So that principle is already entrenched in our Constitution that no one province can lay down the rule by which all of the others will be bound, and that is part of the flaw of the Meech Lake Accord; it is that it seeks to do just that; and that, I believe, is wrong for the country in the future. So I do not think there is a fundamental difference of philosophy between us and I do not want you to characterize it in that way. But no one province can hold up the constitutional development of this nation forever, and if Ontario had been in the same position as Québec in 1982, taking the same position as Québec in 1982, then I do not see any reason to treat

Ontario any differently than Québec or British Columbia or Newfoundland or Saskatchewan.

Thank you.

HON. DAVID PETERSON:

Can I say something, Prime Minister?

My friend, you must reflect very carefully on your own logic that no one province holds up the constitutional development of this country. Your own logic is not working in your favour. Secondly, Ontario is part of the Constitution and it is going to continue to be, Prime Minister. Do not use me as an example anymore, will you? You had better also tell that to Manitoba.

THE CHAIRMAN:

Well thank you, Premier. I was not there at the time but I know some people who were, and when Newfoundland and Labrador were brought into the Canadian family it required generosity and leadership. At the time in 1949, I think, the bringing into Canada of Newfoundland and Labrador was a step of great enrichment for our country. I am very proud of that. I am very proud that people like Louis Saint-Laurent, a French Canadian Prime Minister, a French Canadian leader from Québec, and Mr. Pickersgill, and Mr. Mackenzie King and others had the foresight and the generosity to reach out to Newfoundland and Labrador and to make it possible with Mr. Smallwood and others that this come about. And I think that is the attitude to be adopted, an attitude of openness and generosity, as Premier Peterson has pointed out; and I think that if we adopt that attitude we have a very good chance of succeeding. But in the absence of the attitude, as Premier Peterson has properly pointed out, it is most unlikely that we could make the kind of progress I think the country expects from us.

HON. CLYDE WELLS:

I cannot allow the suggestion to remain on the table that my attitude is somehow that I do not want Québec to be part of the country or that I am not being generous in making sure that Québec is a full constitutional participant and frankly, Prime Minister,

you should check the historical facts before you use the example to which you have just referred.

Now, it happens to have nothing to do, or no relevance to the constitutional issues that are involved in the Meech Lake Accord, but you should check the historical facts first.

THE CHAIRMAN:

Premier, I was not suggesting that it had anything to do with the Meech Lake Accord. I am just suggesting -- we were talking about attitudes and approaches, and had there been a narrow, ungenerous approach, it is unlikely that Newfoundland and Labrador could have come on board as effectively as they did at that time. But we can take another look at this tomorrow. We have two other people waiting to, two other government leaders waiting to be heard and I look forward to hearing from both of them. May I turn to the Government Leader/Premier of the Yukon, my friend, Tony Penikett.

MR. TONY PENIKETT (Government Leader - Yukon):

Thank you, Prime Minister. This is, of course, the premiere political occasion in Canada and I guess this is in that sense my premiere today.

Prime Minister, the Yukon has been called the oldest land and the youngest. This may be more than a poetic truth. The land we call the Yukon may have been the home to the first human beings in North America. It was also one of the last places to be settled by Europeans.

Our history has been one of paradoxes and extremes, socially, geographically and economically. Our heritage, our population, even our literature, has forged us into a territory ---

THE CHAIRMAN:

Tony, Tony, excuse me. I want to make sure you are properly heard. May I?

The Government Leader from the Yukon is speaking. I would ask your consideration, please, for him of the media and people back there.

MR. TONY PENIKETT:

Thank you, Prime Minister. I rarely cause such a clamour in the national media.

As I was saying, our heritage and our population, even our literature, has forged us into a territory where the usual rules do not always apply.

While the Yukon faces the same problems and issues that the rest of Canada does, the solutions routinely applied in the South do not always work for us.

Like all Canadians, we are striving to diversify and stabilize our economy, enhance and maintain our infrastructure, and provide services for our citizens in an equitable and cost-effective manner.

Like you at this table, we are trying to build healthy and sustainable communities. A small population, in a large area, our territory is necessarily innovative and intensely democratic but we also respect the traditions of both the aboriginal people and the settlers.

We have learned that we cannot depend on solutions to our problems to come from anyone but us. To that end we have begun to rethink the way in which decisions are made in the Yukon. Rather than being imposed from the top down, our policy is increasingly determined from the bottom up. We are making grassroot participation the norm rather than the exception.

Perhaps it is our aboriginal heritage with its tradition of consensus decision-making that argues so strongly for the community participation in the decisions that affect them. When Yukoners believe that we have played a part in a decision, when we feel that we have a stake in it, we act together to make that decision work. We have tried to apply these principles to the manner in which we approached the Indian land claims negotiations.

The framework agreement, which was signed this year with the Council for Yukon Indians, the federal government and the Yukon government, satisfies the historic and legal claim of the Yukon's aboriginal peoples. It is also an agreement which benefits all Yukoners and will contribute enormously to our social and economic development.

From the start, we have worked to ensure that negotiations were conducted on a cooperative rather than an adversarial basis. We believed that the land claim agreement could and should be something which would strengthen our society rather than divide it, and from our point of view a made-in-Yukon solution was the only workable outcome.

Prime Minister, your government should take some joy from the fact that the Yukon settlement represents a real breakthrough in that it is the first in history that does not require comprehensive extinguishment of aboriginal title. While all Yukoners gain certainty as to the legal status of non-settlement lands, aboriginal title on settlement lands will be confirmed.

This settlement also creates an obligation for us to negotiate self-government with Yukon's first nation.

The Yukon land claim also addresses wildlife management in a novel way by requiring that all harvesting practices and wildlife management plans must, by law, respect conservation. This means that while the aboriginal right to hunt is respected on settlement lands, it is subject to the need to ensure a sustainable harvest so that no one in the Territory, native or non-native, will be permitted to hunt or fish any species below conservation levels.

Finally, our government is taking a new role in land claims agreements by making a finite financial contribution for some elements of the agreement, something which has not been done before by any other jurisdiction.

The Yukon resolved to be a full partner in these negotiations and therefore to assume the responsibilities that logically accompany such a role.

Land claims is not the only area where we have discovered that if we wish to solve a problem in the Yukon we must be creative.

L'entente linguistique entre le Canada et le Yukon est une étape importante pour l'avancement des droits linguistiques des minorités au Yukon et pour la prestation de services dans leurs langues. Cette entente protège à long terme les droits linguistiques des francophones au Yukon tout en insistant sur les mesures concrètes pour préserver et développer les langues autochtones dans le territoire.

En vertu de cette entente, notre gouvernement a adopté la Loi sur les langues. De cette loi découleront les services dont les francophones et les autochtones ont besoin dans leurs propres langues.

This agreement clarifies that French and English and the Yukon aboriginal languages can be used in our Legislative Assembly. Moreover, all laws of the Yukon Territory are to be published in French and English.

I have previously mentioned at these conferences our Yukon 2000 process. This process was a major planning exercise to help us chart a course towards the next century. We went to every community in the Yukon where we spoke to municipal councils, band councils, chambers of commerce and local unions. We sought out and listened to those who had traditionally been excluded from economic planning: women, aboriginal people, seasonal workers, those who lead a subsistence lifestyle. We recognized that any decision that arose from Yukon 2000 would affect all these constituencies and that we had an obligation to seek their input.

This consultative process which proceeded for two years through hundreds of community meetings, sectoral discussions and a series of major public conferences resulted in the production of a Yukon economic strategy.

The strategy is guided by four goals, objectives which we found that Yukoners shared: the option to be able to stay in the Yukon and not be forced out by bad economic times; an acceptable quality of life through economic opportunity and a protected environment; control over their future through greater control over the economy; and, most fundamental, an equal chance for all our citizens.

This past weekend, the same constituent groups that forged the strategy -- business, labour, aboriginal people, women, environmentalists, municipalities -- met for the first annual public review. The theme of the conference was sustainable development, a matter of interest to every jurisdiction in this country. A leading role in our ongoing review of our own strategy has been assigned to our own round table group, the Yukon Council on the Environment and the Economy, which recently replaced our Economic Council. As a government we realize that it is not enough to just ask people their views. If consultation is to be effective it must be ongoing and empowering.

As all First Ministers know, Meech Lake made Yukoners quite anxious about their future role in this country. We believe that we share, as governments, many of the dilemmas that you do. However, we also believe that the best way to deal with these dilemmas is to include as many of our citizens as possible in our own decision-making process. Indeed, in a society as heterogeneous as ours, we have found that the process itself forms part of the solution.

Perhaps it is our comparatively small population that has allowed us to expand the boundaries of popular democracy. We are a prospering, innovative, energetic society, developing responses appropriate to our time and place. I must say that we benefit greatly from the support we receive from the federal government, the ten provinces and our sister territory, but we also believe that by developing our economy and achieving the kind of social unity which we strive for in our territory that we contribute to the unique qualities of our nation.

I want to, at this time, express appreciation to Mr. Getty and to Mr. Horsman, and say that alone among the provinces, only Alberta has been north to consult with us on constitutional questions and not once but several times. We appreciate their attention, but we regret the absence of other jurisdictions within Confederation.

I want to say that through co-operation and consultation on the great issues of the day, we believe that we Yukoners have and can in the future make a distinct contribution. We also believe that this great Confederation will not be complete -- truly complete -- until we, the Territories, are fully part of it.

C'est tout. Merci.

THE CHAIRMAN:

Thank you, Tony, very much.

May I turn to the Government Leader of the Northwest Territories please.

MR. DENNIS PATTERSON (Government Leader - Northwest Territories):

Qujanamiik angajuqag uqavigigonarakit kigaturluga
Nunatsiaqmionik.

I am very pleased to have this opportunity to speak to you with a few opening words in Inuktituk on behalf of the people of the Northwest Territories.

You know, for decades, the Northwest Territories has been described as the last frontier -- a part of this nation having great potential but not yet fully integrated into the Canadian mainstream.

Today I want to challenge this perception and talk to you about Canada's emerging region -- not the last frontier. I want to tell you about some of the exciting developments that are happening now. I want to describe how the Northwest Territories is charting a unique constitutional course, based in large part upon the aspirations of our majority of our aboriginal residents.

I would like to outline how a major northern development -- only a few years away -- is going to create opportunities, not only in the Northwest Territories but across this great country. And I want to describe how joint initiatives by the federal and territorial governments are contributing and will contribute to the current upswing in our economy.

However, challenging the myths and perceptions about the last frontier also means identifying how we could be affected, like any other region of this country, by forces which are sometimes beyond our control.

This means identifying how national initiatives such as the GST could undermine the encouraging economic climate we are currently experiencing and which is expected to continue into the future.

For environment, it means acknowledging that there is growing evidence about the potentially devastating effect of global pollution in the North, another phenomenon over which we have no direct control.

Mr. Chairman, let me start by focusing on the interests of aboriginal northerners and their aspirations, not only as they relate to our economy but also to the fundamental direction of our Territory and the evolution of its institutions.

Even though only one aboriginal claim has been finally settled and implemented in the North, our governments continue to take steps which recognize the distinct character of the northern Dene, Métis and the Inuit.

For example, Canadians may struggle with the reality of two official languages but, in my jurisdiction, we are enthusiastic about the challenges involved in providing a variety of services in -- would you believe -- 8 different languages and dialects, including French.

While we still have a long way to go, these services are extending into our schools, our hospitals, our judicial system, our Legislature -- which operates simultaneously in those languages -- and even our media.

Having acknowledged what governments are doing on their own, I maintain that claim settlements are critical to our future. Their successful resolution and implementation is fundamental to political development, economic growth, and prosperity in the Territories.

As we have seen with the Inuvialuit in the Beaufort region, an aboriginal claim settlement does provide the political and economic tools for native people to strive toward individual and collective self-worth, self-sufficiency, and self-determination through their own institutions and through the public government system.

I hope these settlements and the progress we are making towards them will also help to influence the course of new relationships between aboriginal people and federal and provincial governments across the rest of Canada.

And, in that connection, I would like to urge First Ministers to support the aspirations and interests of aboriginal Canadians in the South by agreeing to begin, as soon as possible, talks on aboriginal rights in the Constitution.

This is still unfinished constitutional business in this country. We have made good progress; we have made good efforts. But the work is not yet complete.

In my description of Canada's emerging region, I also made reference to development of northern resources.

But before addressing this initiative, I have a few words to say on the historic decision by the federal government to enter into a Northern Energy Accord with the Northwest Territories and Yukon which, without question, has given us an entirely different perspective on the development of our resources. We now have a chance for a piece of the action and a part in the decisions.

Mr. Prime Minister, the people of the North have worked for decades towards this objective, and I would like to commend your government for taking this step and providing Northerners with the instruments to direct the diversification of our economy. And I might say we look to taking responsibility for mines and minerals next. That is not too greedy.

As a result of these new resource development responsibilities, which will be a product of the Northern Energy Accord, our government came out in support of the National Energy Board's recent decision to approve conditional licences for exporting 9.2 trillion cubic feet of MacKenzie Delta natural gas to southern markets.

From a northern perspective, during the coming months and years, the settlement and implementation of aboriginal claims in the MacKenzie Delta and the Valley must have priority so that Arctic gas development can proceed in a way which involves and benefits the Dene and Métis as well as the Inuvialuit who have already settled their claim.

And we expect to see a substantial progress on the Inuit claims as well.

The time frame for approval of a pipeline allows our governments to undertake planning necessary to protect the northern environment during construction and take full advantage of opportunities which controlled development will bring.

And I want to say, from a southern perspective -- I mean a southern Canadian perspective -- I have always maintained that the

development of Arctic gas will have a major impact on the entire Canadian economy: in Alberta, in eastern Canada -- you know we do not make much steel pipe or exploration equipment in the Northwest Territories.

Recent reports suggest there is more at stake than just a \$5 billion gas pipeline. An oil pipeline with a similar price tag and a Beaufort Delta drilling program in the \$6 billion range are contemplated for the future and could mean activity which this country has not experienced for the last couple of decades.

So I do not leave you with the impression that my government's major preoccupation is with Arctic oil and gas development, I would like to now focus on joint federal-territorial initiatives which are or will contribute to our region's economy.

First, a theme echoed here already today -- transportation. Mr. Prime Minister, transportation infrastructure has always been a major determinant for us of whether or not a mine is feasible or a fishing industry can be established, and I am encouraged that our governments have initiated a joint project to identify long-term transportation requirements in the Territories. Roads, harbours, and airstrips are absolutely critical to our economy.

We lack still the basic transportation infrastructure which is taken for granted in much of the rest of the country. This transportation infrastructure is essential for us and, I believe, a very good investment for this country.

Some of you have talked today about military expenses. The military actually makes a major economic contribution in the Northwest Territories. To date, it has played a strong role in maximizing northern benefits from the construction and operation of the new North Warning System. In Rankin Inlet, for example, on the shore of Hudson Bay, where the airport runway is being substantially upgraded and extended, 32 Inuit were involved in operating heavy equipment from June to September this year.

However, I must also state that there are some activities, most notably cruise missile testing and low-level bomber training runs, which an increasing number of northern residents find unacceptable.

Education -- For us, training and education are critical in a developing economy to establishing a qualified and stable labour

force. Without it, the jobs and training opportunities associated with claim settlement, with gas development, will pass by our people, will continue to go to those people with experience from the south.

The Northwest Territories would also wish to participate in a national task force on human resource development proposed by you, Mr. Prime Minister.

I must also reinforce what has been said by other First Ministers about the need for a strategy and a strong federal commitment to regional development programs for it is through these initiatives that we can establish a private sector capable of responding to these current and future development opportunities I have spoken about.

On the delivery side, I believe we can learn something from what the Atlantic provinces experienced with ACOA and the Western Diversification Fund. And I would like to suggest that serious consideration should be given to establishment of an opportunities agency for the Northwest Territories.

Prime Minister, with some modest changes, we should be able to blend in the economic responsibilities of our government, with those of the Federal Department of Industry, Science and Technology and the Northern development arm of Indian and Northern Affairs.

Resources are limited, we understand, and we must make the most efficient use of what we can jointly contribute.

I have just provided you with what I hope is a somewhat positive picture of the Northwest Territories' economy and some of the steps which governments are taking to improve upon our performance and provide greater opportunities for our residents.

However, I would not be accurate if I did not say that, to date, growth and prosperity in the territories have largely been restricted to urban centers and resource extraction industries. Unemployment, lack of opportunity, limited services, housing shortages and chronic health and social problems continue to be, unfortunately, characteristic of our smaller rural communities which are largely populated by aboriginal people.

What both rural and urban residents have in common though is having to bear the extreme high cost of Northern living. Many of

my constituents in Iqaluit which is due north of here are simply not going to be able to afford seventy dollars for a modest size turkey this Christmas.

So these are uncertain and uncomfortable times for territorial residents who are trying to raise a family, survive by hunting and trapping, operate a small business or simply improve their standard of living.

The recent decision by Canada Post to increase its commercial parcel rates in the North will have a serious impact on the cost of living for these people in isolated communities. They rely on this service to bring in fresh fruit and vegetables which are often in scarce supply in our stores.

Uncertainty has been further compounded by the proposed Goods and Services Tax. Residents of the Northwest Territories will pay more tax than other Canadians because prices are much higher in the NWT. The increased Sales Tax Credit will be much lower in real terms in the North and will not be enough to compensate Northern residents for the increased tax.

The already high cost of transportation, fuel and electricity will rise further and place an additional strain on what is a very fragile economy.

So, faced with the highest costs in the country, the people of the Northwest Territories do not accept the GST in its present form. If this tax is going ahead, our government strongly recommends that discussions must continue. We have reasonable alternatives that are designed to ensure a fairer application of the tax in the Northwest Territories.

Mr. Chairman, I realize First Ministers will be addressing environment and sustainable development issues tomorrow morning. With your indulgence, I want to make just a few comments on the Northern environment.

We are not unique when we talk about cleaning up our environment. We have a variety of contaminants and pollutants including PCBs left over from another era. They are no longer acceptable to Northern residents who are demanding they be removed.

Also, alarming evidence suggests our Northern environment is being exposed to the damaging effects of air and water borne

contaminants which originate in the United States and the industrialized regions of Europe and Russia.

Given the potentially devastating impact of pollutants and given our citizens' great concerns, my government does intend to make a forceful but constructive intervention at environment hearings now under way on pulp mill development in Northern Alberta.

Finally, a few weeks ago, at a conference here in Ottawa, on global warming, we heard some startling new evidence of the impact which another product of pollution, the green house effect, could have in the Arctic. Scientists discussed the havoc which could be created if global warming causes the permafrost line to move North and forecast that houses, office buildings, pipelines, railroads and bridges could slump and collapse as the Arctic permafrost melts.

I encourage you and your Environment Minister to continue demonstrating leadership at the national and international levels on this matter.

In particular, I want to reinforce the importance of participation by my government and Northern Aboriginal organizations in certain polar initiatives with our Arctic neighbours.

I would like to conclude by turning to the Meech Lake Accord.

Since the Accord was signed, we have widely expressed the heart felt concerns of the people of the Northwest Territories and I certainly will not elaborate on them today. But I am pleased that many Premiers, legislatures and many ordinary Canadians have heard our message and that their recommendations have stated what is obvious to everyone: Northerners must participate in addressing constitutional issues that we should not be left out of this national reconciliation.

In that connection, Mr. Prime Minister, I am pleased to note that you and the Premiers have agreed to review our status at these meetings over the coming year.

Mr. Prime Minister, we recognize that nation building requires that each of us must see beyond our regional perspectives. Surely we all care enough about Canada to look beyond the problems that seem to be dividing us at this time.

As an emerging region of this country, with a lot to contribute, we are prepared to do our part. We are open to innovative solutions and development of mechanisms for participation in matters dealing directly with the Northwest Territories.

Canadians everywhere are counting on all of us to continue to make this country the envy of the world.

Thank you. Qujanamiik.

THE CHAIRMAN:

Dennis, my thanks to you and to Tony Penikett, the Leaders of the Governments in the Territories have very tough jobs and a long way away, you have our sympathy and our understanding.

I am very pleased with the land claim settlements and the devolution of responsibilities as proceeded in the last four or five years, almost at an historic clip. It advances the territories along the road to where eventually they will be full provinces and I think that the Government Leaders and I and our colleagues, Bill McKnight, Pierre Cadieux and others, Jake Epp, are very pleased with the progress we have made in some important matters that affect both territories.

It is 4:25, just about time for lunch in B.C. Time to head down to Vancouver Club now, Bill. We will go off and have a bite to eat, a little bit of lunch in a moment but just to take a second to summarize. I think that we have each had an opportunity to identify our concerns and hopes for the nation over the last seven and a half hours or so.

I am constantly reminded at these conferences of the complex challenges before Canadians; how diverse and difficult the country really is. How magnificent the opportunities are but how great the challenges can be.

I want to thank each First Minister for maintaining our tradition of very frank and constructive debate as well as for their views on national policies and issues.

Nous avons comme les canadiens et les canadiennes l'attendent de leurs dirigeants maintenu je pense un niveau de respect propice à la poursuite de l'intérêt national. Je suis confiant qu'au cours de nos discussions cet après-midi ou ce soir et demain les Premiers ministres, inspirés par notre engagement commun en faveur d'un Canada prospère et uni, vont continuer de jeter des ponts à l'intérieur de la Fédération.

Our shared purpose is all the more essential when our sights are set on the challenges of the twenty-first century. To succeed in the 1990s and beyond as many of you have pointed out, industry must be far-sighted and aggressively competitive.

And governments must ensure that economic and social policies equip our populations with a training and services required to keep Canada competitive. To succeed obviously we have got to make full use of the remarkable human resources available to us.

To meet these challenges and to ensure Canada attains all of its opportunities, political stability clearly is a key. In many ways, it is a pre-condition to both competitiveness and economic prosperity. You know my views on that, we have just had an exchange in terms of the importance of bringing Canada together and making one Canada. Not only for constitutional purposes and emotional purposes but also for the very tremendous good that it can do us in the longer haul as a nation so that we can move on to other things.

L'Accord du Lac Meech est inspiré de l'idée tout-à-fait fondamentale qui a donné naissance à notre pays. L'idée que les citoyens des deux grandes familles linguistiques, de toutes les cultures et les races de toutes les régions peuvent vivre dans l'harmonie et la prospérité et peuvent tailler au Canada une place enviable dans le monde.

And so reasonable leadership of First Ministers coming together gives a signal not only to Canada but to the world that we are a united and a strong nation and that we want to remain so.

And that is our objective. And that is our obligation and I think that by coming together in the manner in which we do, we seek to make that our legacy.

So my thanks to all of you for a very good day of discussion and debate. I think it is helpful for the Federation. I think it

is good federal-provincial relations to have these kinds of discussions. Not every day but I think it is good that we have them.

With that, I thank you all and now I will buy you all a little lunch.

Thank you.

ANNUAL CONFERENCE OF FIRST MINISTERS

CONFÉRENCE ANNUELLE DES PREMIERS MINISTRES

VERBATIM TRANSCRIPT

(unrevised)

Open Session of
November 10, 1989

COMPTE RENDU TEXTUEL

(non révisé)

Séance ouverte du
10 novembre 1989

Ottawa, Ontario
November 9-10, 1989

Ottawa (Ontario)
les 9 et 10 novembre 1989

THE RIGHT HON. BRIAN MULRONEY (Prime Minister):

Colleagues, could we begin, please?

Could we ask that the interviews cease, please, so that we could resume our deliberations?

This morning -- I indicate this for the benefit of the media and others who may be interested.

As agreed, in the public part of the agenda, we, the First Ministers, will deal briefly and publicly with the environment this morning. It is a matter of great concern to us and it is one that we have been discussing privately, but the comments this morning will be relatively brief, so as to enable us all to wind up the public part of our meeting and to meet shortly thereafter for a working lunch and then into the afternoon in respect of a more careful analysis of various constitutional proposals, as agreed.

For the information of the media, I can tell you that we met this morning for a few hours to review the work of officials in areas ranging from economic equality for women to an attempt to be more successful in eliminating interprovincial trade barriers and we will be able to comment on this a little later on in the day.

Normally, what I would expect to take place, is that we will be here for, say, an hour or perhaps a little more than an hour; we will repair to the workroom upstairs, do our business and then a communique will be issued at the end of the day in respect of whatever has been agreed to, and then each of the First Ministers, most of whom are going somewhere else after these meetings, would be available for meetings with the press, I suppose, towards the end of the afternoon today.

At the meeting this morning we had such an unusual degree of agreement that we adjourned early to come down here to meet with you, as we agreed we would.

And so my comments this morning and the comments of my colleagues will touch briefly, and almost exclusively, on the environment, and after a brief tour de table I will do a very brief windup, and then that will be the end of it for the public part of this First Ministers' Conference on the Economy.

I would just open with a few remarks and then turn to my provincial colleagues for their comments.

Canada is involved in a deepening world-wide environmental crisis and the issue is behaviour. The challenge is leadership, and the problem is urgent. Just consider some of these statistics.

In 1950, the world's population was 2.5 billion. In 1987, it topped 5 billion and by the year 2000, it will reach 6 billion. In this century, energy use has increased thirty-fold.

La production industrielle mondiale est sept fois supérieure à ce qu'elle était en 1950. Sept fois. Pendant la vie de nos enfants, de vos enfants, la production industrielle mondiale devra augmenter encore de 5 à 10 fois. Les émissions de CO₂ des pays en voie de développement dont la Chine, par exemple, devraient quadrupler d'ici l'an 2030. C'est-à-dire en l'espace d'une ou possiblement de deux générations. Cette activité économique aura un profond impact sur l'environnement.

Consider this representative selection of serious problems, and not so esoteric problems closer to home. Northern cod stocks off the east coast are severely depleted. Premier Wells and I discussed it this morning. This is not only an economic problem, it is a very, very serious environmental problem because some of the European countries are ravaging, by overfishing, not only the economic potential of Newfoundland and Labrador, but they are destroying the environmental base, and this is a very, very serious problem, with of course international implications as all environmental problems are.

For every five trees we cut now in Canada, we plant only four. The Great Lakes, the St. Lawrence Basin, from which 16 million Canadians get their drinking water, is severely contaminated.

Driftnet fishing, a problem of particular interest to Premier Vander Zalm, and who has met with me and spoken out so strongly against it, is wreaking havoc in the Pacific. I have met with the leaders of Korea and Japan, and Southeast Asia. This is a problem of massive economic and environmental degradation. It has to be dealt with and can only be dealt with internationally. And so we need your help and we need your support, as Newfoundlanders need it in respect of offshore, the problem's there. And the water and wildlife of the Arctic are showing the effects of airborne

pollutants. None of these problems respect either provincial or national boundaries.

Canadians want sustainable development; they want common sense development. They do not want to destroy their children's environmental heritage. And so we have a big job to do cooperatively, to try and meet Canadians' expectations. To try and do the right thing in a most sensitive area of our national life.

Ainsi, cela signifie, premièrement, dans les cas où la constitution est claire, que chaque palier de gouvernement doit faire son travail et respecter les secteurs de compétence des autres. Et deuxièmement, lorsqu'il y a partage des compétences, qu'il est essentiel de collaborer étroitement dans l'intérêt de tous les pays. Et il faudrait, dans la mesure du possible, harmoniser les politiques, les lois et les règlements, adoptés dans l'ensemble du pays, afin de pouvoir atteindre les normes et les objectifs que nous auront établis à l'échelle nationale.

Je suis convaincu que nous avons tous la volonté politique nécessaire pour faire du dossier de l'environnement un modèle de coopération fédérale-provinciale. Quant à nous, au niveau fédéral, nous avons adopté de nouvelles normes rigoureuses en ce qui concerne la manutention des BPC qui affecte 21 millions de dollars, à la destruction de ces substances, c'est-à-dire, nous avons affecté 21 millions de dollars à la destruction de ces substances sur les terrains fédéraux. Nous avons connu, monsieur Bourassa et moi, des problèmes particuliers dans ce domaine-là. Monsieur Bourassa a eu un problème avec les BPC cet été et il a "shippé" les BPC à Baie Comeau comme solution temporaire du problème.

Monsieur Bourassa, j'aurais un commentaire tantôt, et vous aussi.

We have adopted motor vehicle emission standards, among the most stringent in the world, which we will compare ultimately, I hope, with the toughest which now exist, I believe, in California.

We have committed ourselves to phase out the use of CFCs.

We have created the first major amendments to the National Parks Act in 50 years.

We have created the \$50 million Environmental Partners Fund to assist Canadians to restore their own local communities.

We have adopted the Environmental Choice Program to assist consumers in choosing environmentally sound products.

And we have passed a new Environmental Protection Act that is among the toughest in the world.

We have also allocated \$150 million for cleaning up dumpsites; \$125 million to clean up the Great Lakes; \$110 million to clean up the St-Lawrence; \$73 million for the clean-up of Halifax Harbour; \$34 million for the clean-up of the Sysco Tar Ponds, Cape Breton; and \$106 million to the preservation of South Moresby as a great national park reserve, which I was able to work out, thanks to the cooperation of Premier Vander Zalm.

All told, these programs add up to \$669 million in new federal government funds for the environment.

And we are working on a comprehensive action plan to address issues, as are all provincial Premiers doing the same thing. There is action going on at both levels of government in a very serious and thoughtful way -- across the environmental spectrum -- for example, the greenhouse effect, the thinning of the ozone layer, the management of toxic chemicals, waste management, including recycling and so on.

And this comprehensive action program is scheduled for the spring.

Clearly, we are making progress. But the most difficult decisions remain to be made -- the CO₂ emissions may be the most difficult.

Just this week, 71 countries, including the United States, Japan, the Soviet Union, and the United Kingdom agreed for the first time that CO₂ emissions need to be stabilized on a global basis, at a conference where the Honourable Lucien Bouchard, the Minister of the Environment, represented Canada again.

Energy from fossil fuels is the largest source of CO₂, the main greenhouse gas.

Energy is needed for warmth, transportation, manufacturing, forestry and agriculture -- in fact, for virtually every sector of economic activity in a country as vast and sometimes as cold as ours.

All of these sectors will have to participate in the national response to global warming. The issue is how.

Significant gains can come from conservation and energy efficiency. But technological development will be critical. This battle will only be won with industry being in the front lines, and given the expected growth in population and economic activity in Canada, a 20 percent reduction from current emission levels -- the target that many scientists advocate -- would be a 50 percent reduction from the levels that would prevail in the year 2005.

Nos ministres de l'énergie vont se rencontrer au début de l'an prochain pour discuter de cet important mais difficile dossier. Les changements planétaires, l'appauvrissement de la couche d'ozone, le déplacement de la pollution atmosphérique sur de grandes distances, la destruction des bancs de poissons -- voilà autant de problèmes mondiaux qui ne seront résolus que par une étroite collaboration internationale.

C'est pour cette raison que nous avons fait de la protection de l'environnement un des thèmes centraux de notre politique étrangère, et que nous menons une campagne active pour promouvoir l'adoption du concept de l'environnement viable.

L'an dernier, au sommet économique de Toronto, les leaders des sept grandes démocraties industrielles ont exprimés pour la première fois leur appui au concept du développement viable, et il s'agissait d'un départ, je pense, très intéressant et très important.

En mars, au Sommet de La Haye sur l'environnement, les participants ont soulignés l'importance pour toutes les nations d'adopter une politique du développement viable et ils ont donné un nouvel élan à l'élaboration de formes innovatrices de collaboration au niveau des gouvernements et des institutions.

In July, at the Economic Summit in Paris, Summit leaders directed that new environmental indicators be developed so that everyone could have a more realistic appreciation of the significance of environmental assets to a nation's economic wealth, a prerequisite for sound, sustainable development decisions.

In October -- I have just come back from the Commonwealth Heads of Government meeting in Kaula Lampur where 46 developing and developed countries alike acknowledged, for the first time, the

validity of this concept and began to find formulae to deal with the matter in which it could be financed.

And later this month, when I visit Moscow, sustainable development will be on my agenda with President Gorbachev.

Ultimately, the most difficult environmental challenge world wide is neither the greenhouse effect nor ozone depletion. It is changing behavior.

Good environmental policy is not charity but it does begin at home. The challenge for Canada is to embrace a new national ethic. An ethic that acknowledges individual responsibility for environmental health. An ethic that frames day-to-day decisions for governments, for business, for all citizens in an environmental context because we are all decision makers and in varying degrees, but in substantial degrees, we are all polluters.

But we are making progress. This session itself, the first full session on the environment among First Ministers, is evidence that governments in Canada are starting to come to grips with the issue.

The growing sensitivity of industry is also, I think, a very hopeful sign. But most important of all, our children are incomparably more conscious of the fragility of the ecosystem than we were at their age, certainly than I was at their age and much more aware of humanity's place in it. Our children are the real leaders. They are adopting the new environmental ethic. In many ways, we are the followers and perhaps that is the way it had to be.

Canada has a solemn responsibility and a vital interest in accepting that new ethic for ourselves and disseminating it abroad. And I think Canada's standing to do so and our capacity to do so abroad will depend on our record at home. If we are going to preach for anything of value abroad, it is important that we have clean hands here at home.

So I invite the First Ministers around this table, businessmen, consumers, universities, research institutes, media, all those that can impact on our national life to join us in protecting this birthright of our children. And I invite us all to help in making Canada an environmental example for the world.

That has been the object of the discussions that Mr. Bouchard has completed internationally that I have had the occasion of engaging in and that I will continue to do so. It is also the object of the exercise of much very impressive and effective action by Premiers in their own provinces and within areas of their own jurisdiction.

To discuss that briefly today, prior to winding up, I invite the First Ministers to give us the benefit of their views and their experiences in this regard and we will not follow the "entrance to Confederation" scenario which guides our discussions usually. I would like to begin today perhaps by calling on Premier Filmon to begin the discussion on the environment.

HON. GARY FILMON (Premier of Manitoba):

Thank you very much, Prime Minister. Throughout our discussions at this conference, we have certainly been wrestling with the reality that viewpoints on many issues differ among Canadians. But there is one area that I believe that Canadians in every province and every region are reaching a broad consensus on and that is the environment.

Canadians agree today on the urgent need to reverse the degradation of our environment. As you have indicated, it is an area in which Canadians from school children to seniors are probably leading their leaders on in terms of their awareness.

It is the first time that this First Ministers' Conference has had the environment and sustainable development on the agenda and with very good reason. I believe Canadians are not only becoming aware of the problems and the long-term consequences of the decisions we make on our environment but they are looking to us for answers, for long-term solutions.

I would like to address three areas in particular, Prime Minister. The first is the need to repair past problems, problems that you have eloquently identified in your opening remarks; to undo the damage of past practices. Our goal in environmental terms is not simply to avoid new environmental mistakes but indeed environmental restoration.

The second area I would like to address is the need to integrate environmental and economic decision-making. And the

third area that I will speak on is the growing complexity surrounding government activities in the environment area.

Let us talk firstly about repairing the harm that has been done in the past. As you identified, the many examples, degradation to our air, to our water, to our soil, to wildlife that clearly exist throughout our country.

We know that the cost of national environmental restoration will be huge but we must also know that they are unavoidable costs. We will need innovative approaches to problems like the need for renewal of municipal infrastructure because many of our problems are not just from industrial sources. They are from domestic sources. We will need to look at mechanisms like environmental tax credits or environmental bonds. Mechanisms that can focus market forces and market logic on our goal of restoring and protecting the environment.

Prime Minister, as you have spoken, sustainable development means progress without pollution and development without destruction or social dislocation. And it can only be achieved if all those who make decisions in all sectors of society are actively involved.

To achieve that, the National Task Force on Environment and Economy recommended the formation of a new kind of institution that they call "Round Tables on Environment and Economy". We, in Manitoba, have established such a Round Table with a membership that includes leading figures from every sector of the community.

I serve as its chairman and over the thirteen months since it was established I have been impressed at the power of this new, made-in-Canada institution to transform environmental issues from narrow regulatory or compliance issues into shared goals and shared actions.

I have invited representatives of all jurisdictions to a meeting of Round Tables in Winnipeg next spring to explore ways we can make this new institution more effective.

We also need to be doing more internationally. If the international environment continues to be degraded, there is no way that Canada will be unharmed.

Prime Minister, for some months now, our two governments have been negotiating about the International Center for Sustainable Development which is to be established in Winnipeg. Manitoba is committed to this important initiative and we will be proud to contribute to its establishment and to its ongoing operations.

I would hope that we can complete our agreement on this facility quickly so that we can begin to play the role that Canada ought to play in providing international environmental leadership.

The last point I would like to speak of is the growing complexity of environmental jurisdiction in Canada. The message that we must be putting before industry in all parts of our country must be clear. Developments must contribute to our environmental goals as well as our economic well-being. And that message must be consistent in every jurisdiction of our country. And in order to ensure that there are no mixed messages, we need interjurisdictional cooperation on this from all of us at this table.

Let me tell you of a specific instance that demonstrates the need in a dramatic way.

Premier Peterson's province and ours share a common border. His government has before it an application to develop a gold mine. It happens to be on his extreme border and in the middle of a lake that provides the water supply for over a half million of Manitobans living in Winnipeg.

The review mechanism for the project is in Ontario, outside of our control. There is no current mechanism to ensure that Manitoba can participate in the Ontario process in such a way to ensure that our interests are considered and well protected.

But because our provinces are good neighbors, we are working something out. And I believe that this case demonstrates, in a tangible and dramatic fashion, the commitment that provinces in Canada share to erase our political borders when it comes to environmental assessment. That commitment is reflected as well in the draft Statement of Principles on Interjurisdictional Cooperation to Protect the Environment that has been prepared for us by our Ministers of Environment.

I would like us to endorse the spirit and the direction of this draft statement and to direct our Ministers of Environment to

complete the work so that all jurisdictions will be in a position to adopt it this spring and get on with the implementation of a detailed workplan that is attached to that statement.

As I have said, Prime Minister, the environment is one area in which a consensus has grown in every region of Canada. I believe the challenge of reflecting the environmental consensus of Canadians should be at the top of our national agenda. And that through cooperation in this area, we can do much to rebuild the spirit of Canadian partnership.

Thank you.

THE CHAIRMAN :

Thank you, Gary.

I look forward to concluding our work on the International Centre for Sustainable Development in Winnipeg. I think it is a very important initiative. Mr. Bouchard has been working with you very closely and I think we can make it not only a success but a model. That is what we very much want to do in Manitoba.

Thank you for your comments.

Je demanderais maintenant au Premier ministre du Québec de prendre la parole.

M. ROBERT BOURASSA (Premier ministre du Québec) :

Merci beaucoup monsieur le Président.

Les remarques que vous avez faites au tout début de votre exposé me donne l'occasion de vous remercier pour votre geste de solidarité et d'ouverture que vous avez accomplie au début de ma campagne électorale alors que j'étais dans une situation un peu délicate.

C'est évident que, dans cette question de l'environnement, si durant les années '80 ou '70 il a fallu mettre l'accent sur la sensibilisation de ce problème de plus en plus aigu. Il faut au cours de la prochaine décennie mettre l'accent sur des actions concrètes. Nul doute que le gouvernement du Québec est conscient

de l'importance de la problématique environnementale et de ces interrelations avec le développement économique et avec les problèmes écologiques qui se posent au niveau international et au niveau planétaire.

Nous sommes également conscients des attentes de la population à l'égard des gouvernements et des autres intervenants socio-économiques pour ce qui est de la protection de l'environnement.

Face à cette situation, le gouvernement du Québec a manifesté son engagement à intensifier son action vers une plus grande protection de l'environnement et en faveur d'une intégration plus poussée de l'environnement et du développement économique.

Le gouvernement du Québec est convaincu que la notion de développement durable, préconisé par la Commission Brutland, est susceptible de permettre à notre société et la communauté internationale d'assurer une protection accrue de l'environnement et un développement économique effectué en harmonie avec la nature et ses ressources.

Je voudrais vous rappeler, monsieur le Président, que c'est le Québec qui, à la Conférence de Montebello en juin dernier, a proposé et fait accepter par les cinq Premiers ministres de l'est du Canada et par les Gouverneurs de la Nouvelle-Angleterre le principe de l'adoption des normes de Californie pour des émissions de gaz des véhicules automobiles.

Cette proposition a subséquemment été approuvée par les Premiers ministres de toutes les provinces en août dernier et le mois dernier le ministre de l'environnement du Canada, monsieur Bouchard, de concert avec les ministres de l'environnement, annonçait la décision ferme d'adopter ces normes pour les véhicules de modèles 1994.

Le gouvernement est aussi engagé dans différentes démarches visant mobiliser les intervenants socio-économiques du Québec dans le sens d'un effort concerté d'intégration de l'environnement et l'économie par le biais de la table ronde sur l'environnement et l'économie que nous avons formée.

Dans la même veine, nous avons constitué une commission d'enquête qui est chargée d'établir un dialogue entre la population et les autres intervenants socio-économiques et gouvernementaux

afin de définir les grandes orientations que le Québec devrait envisager au cours des prochaines années pour assurer une gestion adéquate et rationnelle des déchets dangereux que nous produisons.

Comme vous avez été à même de le constater, le gouvernement du Québec n'a pas cessé d'assumer ses responsabilités dans le secteur de l'environnement et ce depuis près de vingt ans.

Dès 1970, lors de mon premier mandat, un ministre d'état responsable de la qualité de l'environnement était nommé pour la première fois.

Aujourd'hui nous constatons que le gouvernement fédéral s'implique de plus en plus dans la protection de l'environnement. Hors le gouvernement du Québec est prêt à s'engager dans une collaboration avec le gouvernement fédéral dans le respect des compétences constitutionnelles de chaque ordre de gouvernement.

Nous sommes notamment disposés à intensifier notre coopération avec le gouvernement fédéral et avec les autres provinces dans l'esprit d'un authentique partenariat intergouvernemental afin d'élaborer des objectifs politiques et stratégies pour protéger l'environnement d'une manière efficace.

Pour notre gouvernement, comme pour tous les autres, la protection de l'environnement est devenue l'une des grandes priorités des années 1990, il faut donc collaborer de la façon la plus étroite possible pour réaliser ces objectifs communs.

Je vous remercie.

LE PRÉSIDENT:

Merci, monsieur Bourassa.

Je demanderais maintenant au Premier ministre Ghiz de bien vouloir prendre la parole.

HON. JOSEPH GHIZ (Premier of Prince Edward Island):

Thank you Prime Minister.

I am pleased to have, this morning, Prime Minister, on my right the immediate past chairman of the Canadian Council of Ministers of the Environment, the Honourable Gilbert Clements.

In recognizing the importance of interjurisdictional cooperation, I am glad that the Environment Ministers have triple the budget of the Canadian Council of the Ministers of the Environment and they have dedicated themselves to using it as an effective form for working together to achieve action.

The time for action has arrived. The time for talk has come to a stop.

In Charlottetown, at the recent annual meeting of the Council, the Federal Minister of the Environment, the Honourable Lucien Bouchard, promised an exciting new national action plan. My plea, Prime Minister, is that: this time let us do it together. One forum through which we can work together is the national round table on environment.

The reality is that we must work together or the job cannot get done. Our country needs environmental leadership from the top and, Prime Minister, we are depending on the federal government to provide that leadership.

It is trite, but it is necessary to say that environmental issues have no respect for boundaries, provincial boundaries, national boundaries or international boundaries. And there is no choice but that we must define our roles and get on with the job.

Time is of the essence. The problems are evident; the time for action is now. Never before has there been such an opportunity for us to lead in a way that will serve the future.

I could list and discuss the many things that are necessary: accords, standards, education, regulations, dialogue and there would be nothing new. The time for action has arrived. Together we can act and achieve results for all the Canadian people.

Now, Prime Minister, upstairs this morning when we met a short while ago, you indicated that in addition to a comment on the environment that this would be an opportunity to make a brief closing remark. And I would like that opportunity to do that now.

And I would like to say, Prime Minister, that never before has there been a greater challenge thrust at the feet of the First Ministers of this country than the challenge that now confronts us with respect to the reconciliation of the province of Québec in the constitutional family. That must be a priority for each and everyone of us around this table because we owe it to Canada, we owe it to the people that we serve to make the constitutional family whole.

In recognizing that challenge, we have another challenge, and that is to recognize the reality. The reality is that there is a deadlock.

There appears to be an impasse over the Meech Lake Constitutional Accord. We, then, have a responsibility to get on with the job when we reconvene upstairs later this morning, to get on with the job to make our constitutional family whole.

We must recognize that that can only be done in the spirit of compromise. And we must recognize, and I think we must let the Canadian people know, that it is impossible to obtain a perfect document, that it is impossible to please all of the academics and the purists with respect to what will be a perfect constitutional document because that is not the way Canada was built. It was built on compromise: 1867 was a compromise document; 1982 was a compromise document; the Meech Lake Accord is a compromise document.

My preference would be, and still is, that we ratify the Accord in each of the provinces of Canada. It is a compromise that attempts to achieve the realistic objectives of the province of Québec while recognizing what is taking place in the rest of the country.

If it is not possible to ratify that Accord, then I think that we have to put our collective heads together. We have to not look at what divides us. We saw yesterday what divides us. We have to look at what unites us, and what unites us, Prime Minister, is our collective love for Canada, our desire for a strong and united country, a desire to put the constitutional bickering behind us, and to get on with the big issue that we have to discuss in the 1990s and into the next century.

And I think that we have several opportunities to reach that compromise. One, yesterday, was illustrated by Premier Wells, when

he asked for a statement, a clear statement, that Senate reform would be a priority in this country. And I believe that if Premier Wells got that assurance, that Senate reform would be a priority, that that could provide one of the keys to unlocking the impasse over the Meech Lake Accord.

We now also have the committee reports from New Brunswick and Manitoba that might give us an opportunity to unlock the impasse. But that is our challenge not to unlock it today; I do not think that is possible. But our challenge is to unlock it in the near future so that the constitutional family is made whole so that Canadians can have confidence in their First Ministers getting together, and trying to solve the problems of this country, because, above all, I believe that the vast majority of Canadians out there, irrespective of their position on Meech Lake, irrespective of whether they like this clause or that clause of Meech Lake, they want us and they expect us, as First Ministers, to ensure that the reconciliation of the province of Québec into the constitutional family is completed.

We owe that to our constituents, we owe it to Canada. I am looking forward to working with you and my colleagues around this table, to ensure that we accomplish that end.

Thank you.

THE CHAIRMAN :

I want to thank the Premier for his remarks on the environment -- the political environment, and -- may I turn to Premier Devine, please.

HON. GRANT DEVINE (Premier of Saskatchewan):

I agree with you Joe. Mr. Prime Minister in the Leader Post yesterday and in the Toronto Star yesterday, there were letters to the editor about the environment from two grade eight students. What it says, Mr. Prime Minister, is that the young people are concerned about the environment. No doubt people want the leaders of this country to protect the quality of life, and the children are talking about it on a daily basis, from coast to coast.

Canadians are looking for us to lead by setting an example, not only locally but, as you point out, internationally. They want us to proceed in a reasonable fashion that sets out clearly, and from the outset, the rules to be followed in this country. The public wants an environmental strategy that takes into consideration all the environmental realities and all the economic realities to provide for our needs without compromising the needs of our children. That is what sustainable development is all about.

Certainly the people of Saskatchewan -- I can say to my fellow First Ministers, that the people of Saskatchewan have always been concerned about conservation. That is why we have undertaken a number of initiatives in cooperation with other jurisdictions to address conservation and environmental management.

A couple of examples. A 15 year, multi-million dollar north american water-fall management plan, the establishment of the first Crown corporation to lead in wetland and wildlife management. And with the cooperation of others, a five year multi-million dollar plan to establish the Grasslands National Park. A fifteen million dollar, fifteen million dollars for the innovative research and development to conserve our soils, and to ensure a sustainable agriculture industry. And very significant changes in crop insurance to help protect the land. Agricultural biotechnology research and product developments to develop environmentally safe bio-pesticides. A centralized PCB storage facility. Over five million dollars to continue the program to renew Saskatchewan's forests by planting approximately fifty million seedlings. Moneys to implement a water quality management system and at the insistence, and in cooperation with the federal government, the allocation of 35 percent of total project costs on environmental conservation initiatives for the Rafferty Alameda projects. And the establishment of a round table that has been mentioned previously on environment. And the economy to develop a provincial conservation strategy.

Mr. Prime Minister, these are a few of the things that we are doing in Saskatchewan to cooperate with others. In this country the environment is a shared responsibility of the province and the federal government and each order of government has a role to play as well as each member of the public. Instead of working together to address these issues however, from time to time, we try to go it alone and we end up fighting over it. We cannot really expect to see an effective mode worldwide on environmental safety if we

cannot agree to common standards ourselves. How can we set an example for Canadians and for the world in ways to pursue cooperatively sustainable development if we bicker over the responsibility and jurisdiction here at home?

Canadians are demanding that we act to protect our environment and that we find solutions to these concerns and that we need to use our resources to solve problems, not to fight about them. Our Ministers of the Environment are showing us the way to address our differences. I think we should listen to them. Let us build on their work and ensure that the dialogue and the consultation continue among ourselves and with other people -- will indeed continue for decades to come. It is because nature has so blessed us that we have added responsibility to protect our environment and set an example for the rest of the world. And this is not just a responsibility of governments, as you point out. Environmental excellence is the individual responsibility of each and everyone of us. There is no easy cure for this situation. Any solution will likely involve some changes to our lifestyle. All of us will have to adapt and for some there will be more changes than for others. Some provinces and the federal government have also started work to address various parts of the environmental problems. We have to develop policies and programs that will ensure that our economic and social well-being are sustainable in a manner consistent with our economic, demographic and geographic differences. I certainly agree with those, and I would gladly propose that we start to correct this deficiency by endorsing the principles on cooperation developed by our Environment Ministers and by directing them to build on the work which they have started and to prepare a national strategy on the environment. The strategy should include a specific plan of action and the public at large and the private sector must be involved in the preparation of this strategy.

The public is supportive of strong action to protect the environment and the public wants to be involved in the process. Business people and entrepreneurs are more and more supportive of action on environmental protection. Every one has a stake in this environment. This is not a challenge to be addressed unilaterally. The question is simply this: Are we, as governments, ready to act cooperatively and work together on this issue?

Mr. Prime Minister, I believe we are and now is the time.

THE CHAIRMAN:

Thank you, Premier, very much. May I turn to Premier Peterson.

HON. DAVID PETERSON (Premier of Ontario):

Thank you Prime Minister. First of all let me just say I associate myself with all other remarks made by my colleagues and your description, sir, of the problem that we face.

I believe that there are two critical domestic policy issues for this country over the next decade. They are education and the environment. And I do not want to be overly dramatic about it but I think one could make the point that our very survival depends on our capacity to master those two issues. One of them we talked about a little earlier. I would just like to talk briefly about this today.

This has not been easy along the way. I remember four years ago we brought in, I think, what still continues to be the toughest acid gas emission standards in North America and I can tell you there was an awful lot of squawking and hollering. We will -- Ontario Hydro, for example, will spend over 2 billion dollars scrubbing coal. That is going directly to the consumer. I believe that it is justifiable, I believe that the people of Ontario are happy paying that. Overall programs will cost in the order of 3 to 4 billion dollars. This is expensive and Gary talked about cleaning up the past, let alone the future, and he is absolutely right. We are going to pay an enormous amount for the past sins. But let us not in the process, or in the meantime, sin anymore as we go about the process of cleaning up.

We are doing a number of things, as I said, in the acid gas area. It is interesting and frankly very heartwarming to me now seeing some of the corporations running ads in the newspapers, telling about what great environmentalists they are. You would almost think that it was their idea. And it is o.k. It is O.K. Why not. Because what we are seeing is a buy into something that is extremely important. As many of you said: this is everybody's responsibility, not just ours. And the mentality is changing. I think Robert made a very profound point though. Our first job was awareness and I think there is the awareness.

The second job is action. And there are a wide variety of things we can very clearly do better together than we can do individually. That does not in any way take away from our individual responsibility. Gary talked about some of the things, certainly on the regulatory side, on ozone levels, and on acid gas recycling. There are so many things that we can do better together than apart. And I am hoping that we will never degenerate into jurisdictional battles. I know there are some pressures on the table but to me, Prime Minister, it is extremely easy with good will and cooperation to solve these matters in an area of joint responsibility, and it should never be an impediment to progress.

I also want to say that this could cost money and I was very impressed with your new spirit today when you talked about all the money you were spending on the environment with some pride. Was the Finance Minister here listening to you? Yesterday you were bragging about how little you --

THE CHAIRMAN :

You noticed that Mr. Wilson was not at the table.

HON. DAVID PETERSON:

Well, that is why we are making progress today. Let me tell you. Do not feel obliged to invite him back. Anyway, I will not -

THE CHAIRMAN:

He will be right back, David.

HON. DAVID PETERSON:

I will not tell him what you have said, anyway. But this is an area, very clearly, in which we are going to spend a lot more dough on just the infrastructure problems. And cleaning up the harbours.

It is very expensive, and basic things -- sewer and water, an aging infrastructure -- are an enormous problem for us and for other people as well.

We have a number of programs. I will not get into all the details, but we are rebuilding infrastructure of our sewer, water. We have identified a lot of our hot spots and we are in the process of cleaning them up. But it is not cheap!

Part of our leadership job, in my view, is to persuade people that this is a price worth paying. And that is not always easy.

So let me say, Mr. Chairman, we have, I think, noble goals that you have established. I think that you can count on the co-operation of every person at this table, not only to act individually but to act collectively, as we proceed to our goals of a pristine environment and take our global responsibilities as well.

We are aiming for drinkable, swimmable, fishable water. We are aiming for clean air and clean soil and, I think, at least, we have started to meet this challenge of incalculable importance.

Can I just say, in closing, Mr. Chairman, I have enjoyed this talk. Many people that have looked at us the last day, and they have thought, you know, it is pretty tough talk at this table -- and there is tough talk at this table. And frankly, there should be tough talk at this table.

Politicians have thick skins, by definition. I mean you cannot be in this business without a thick skin. We have tough talk at the Cabinet table; we have tough talk at our caucuses; we have tough talk in our Legislatures.

And so, I think one of the joys of this process is that none of us takes it personally, because it is not a personal discussion. All of us, I believe, have our own strong senses of the national good and ultimately that could be knitted together.

And I think frankly, where I sit, it is very wholesome to have this kind of discussion, to share our views, and I believe that the goodwill will ultimately keep this country striving, thriving, and growing.

THE CHAIRMAN:

Thank you, Premier, very much, not only for your comments but for your contribution to what that takes place here. But

contribution takes place as well in a very constructive way at our private meetings that not everyone has access to.

Thank you, Premier Peterson.

I would like to turn to Premier Getty.

HON. DONALD GETTY (Premier of Alberta):

Thank you, Prime Minister.

Obviously, we are dealing with an extremely important subject, and I am glad that we are dealing with it here at the First Ministers' Conference because it gives the focus that is required to this subject.

I think it is significant for us to remember that all First Ministers endorse the Report of the National Task Force on the Environment and Economy. Now that Report called for concerted commitment to environmental protection and to the incorporation of an environmental philosophy in economic decisions.

Alberta practices that commitment. As I said yesterday, Alberta has been and continues to be a leader in protection and enhancement of the environment.

In 1971, we established the first Department of Environment in Canada.

Alberta is the only province with a hazardous waste treatment facility -- and I point out, Prime Minister, while the Québec PCs did go -- PCBs, not PCs ---

SOME PREMIERS:

(laughter)

A PREMIER:

There is not much difference.

THE CHAIRMAN:

Premier, the PCs came to Baie Comeau too.

SOME PREMIERS:

(laughter)

HON. DONALD GETTY:

Well, I do not want the same analogy to go on then, because I was going to draw your attention to the fact that Alberta was prepared to destroy them.

SOME PREMIERS:

(laughter)

HON. DONALD GETTY:

But that offer was on the table.

SOME PREMIERS:

(laughter)

HON. DONALD GETTY:

I am pleased to announce today that Alberta is establishing a new Centre of Special Waste Management Expertise.

The Centre will be involved in coordinating national and international marketing of Alberta hazardous waste management, technology, research, and training.

Also, in cooperation with Environment Canada, Ontario and Québec Ministries of Environment, Ontario Hydro and Hydro Québec, we are right now testing mobile incinerator technology, which may

be used in the destruction of PCBs and other hazardous waste in Central Canada.

In 1979, a world-class environmental research laboratory was established at Vegreville, Alberta; it is supported by 180 researchers and staff.

A comprehensive recycling program will be introduced in Alberta, and that is as a result of an extensive public hearing process which we commenced in 1986.

We have in place comprehensive legislation, standards and practices. We are continually updating our legislation. We have the Clean Air Act, the Clean Water Act, and the Land Surface Conservation and Reclamation Act.

Our standards for pulp and paper mills are among the most stringent in the world. New and existing mills must use the best available technology.

These standards were developed after a lengthy evaluation of technologies and effluent treatment systems throughout North America and Europe.

Our forestry companies must practice sustained yield in forest management. Alberta is committed to public participation and to improving public input into environmental decision making.

The Alberta Energy Resources Conservation Board, a highly respected Board, has been in operation for 51 years, and it ensures that energy resources are developed in an environmentally sound manner.

We are beginning a series of meetings with the energy sector and environmental groups to meet the challenges posed by carbon dioxide emissions that you discussed. A round table on the environment is being put in place, and it will participate in Premier Filmon's conference in the spring.

Alberta strongly supports the principles and the Statement on Interjurisdictional Cooperation for the Protection of the Environment. In fact, we are practicing those principles.

I am pleased, Prime Minister, to have your personal commitment, earlier today, that jurisdictions will be honoured, and I give you the same commitment.

Alberta and Saskatchewan cooperated on the environmental assessment of the Lloydminster heavy oil upgrader. We are discussing now with Canada, British Columbia and the Northwest Territories, a cooperative means of management of the Mackenzie Basin river system. And in the spirit of shared responsibilities to protect the environment, we have the government of Canada and the government of the Northwest Territories on a public review board currently assessing the Alberta Pacific Pulp Mill in Athabaska. We consider this a unique undertaking to jointly assess the environmental worthiness of a major project in Canada.

The environment is too important to allow duplication or confusion to frustrate our efforts so we have embarked on a new and cooperative journey. We believe it will be a model for governments working together. Alberta has set the course.

Thank you.

THE CHAIRMAN:

Thank you, Premier Getty. May I turn to Premier Wells, please, for his comments on the environment.

HON. CLYDE WELLS (Premier of Newfoundland):

Prime Minister, environmental concern has emerged, I believe, as the major world issue in the last decade of the twentieth century.

People are coming to realize the extent to which we have been polluting our environment and the need to do something about it. Newfoundland is also sensitive to those concerns and is taking steps to respond.

Following the recommendations of the World Commission on Environment and Development, normally referred to as the Bruntland Report after the Norwegian Prime Minister, and the Council of Resources and Environment Ministers, the provinces moved, in recent weeks, to approve the establishment of a round table to advise

government in its deliberations on the environment and sustainable economic development. Government has also initiated a process to prepare a conservation strategy and an action plan for its implementation.

Other Premiers have spoken extensively about a variety of concerns, and I have no doubt the remainder will as well, so I will not emphasize those other concerns. But I do want to address, in particular, the first concern that you noted, namely, a specific environmental problem that is very important for Newfoundland and Labrador and very important, I believe, for Canada and for the world.

I am thinking here of the problem of foreign overfishing just off our shores, by the fleets of the European Community and other fishing nations -- activity that flies in the face of the principle of sustainable development.

The Northwest Atlantic Fisheries Organization was formed to manage those resources outside Canada's 200-mile limit. The basic tenets of the NAFO approach are resource conservation and stock building. In the early years that approach seemed to be working, but it has changed dramatically since 1986.

In 1986, the European Community began to disregard the quota set by NAFO. Since that time, its fleets have conducted a totally unregulated fishery against these stocks over the four-year period. 1986 through 1989, the combined European Community quota in this area was about 52,000 tons. During that period the European Community catches were in the order of 350,000 tons. The European Community has overfished its quotas by 600 percent.

The European Community is a respected and a responsible member of the world community of nations. We, therefore, have to ask ourselves why the community chose, in 1986, to reverse its former policy of support for and compliance with NAFO conservation and management measures.

And what happened Prime Minister was, those were the years when Spain and Portugal came into the Community and they did not want the vast fishing fleets of Spain and Portugal to impinge upon the Community's ordinary fishing areas, so they, in effect, exported their problem to Canada. And those two nations have essentially been destroying the cod stocks just outside the 200-mile limit.

And the problem with that is, those are the straddling stocks that move back and forth, and when they destroy the stocks offshore, they also destroy the stocks within the 200-mile limit. The results have been disastrous on the nose and the tail of the Grand Banks. The European practices are not limited to overfishing, as terrible as that is.

The European fleets have flouted even the most elemental and basic precepts of conservation by taking large amounts of immature fish from the nursery areas. If you look at the SIZE -- the average size of the fish caught by those European fleets, it is sometimes less than half the size of the fish that Canada catches because Canada will not fish in the nursery area in order to preserve the stocks for the future.

Now, Prime Minister, I have dramatized this problem somewhat because all Canadians and the whole world must be made aware of this disaster, which is occurring just off our shores. I do not believe that I have overdramatized the problem; all of the facts that I have stated are clearly documented in federal and NAFO reports.

I must however, Prime Minister, applaud you with enthusiasm, and applaud the government for it's appointment of Ambassador Allan Beasley as Canada's ambassador for marine conservation. I have met with Ambassador Beasley, in the last week or so, on this issue which is of such great importance to Newfoundland and Labrador. I am also commending you, again, on the appointment of this man whose skills and international prestige, built on these skills, are a valuable asset in Canada's efforts to resolve these problems.

However, Ambassador Beasley's skills and prestige will be wasted unless they are supported and supplemented by all the required authorizations and resources of the government of Canada; particularly supplemented by the not inconsiderable influence and prestige of your office and your personal prestige as an international statesman and, of course, of the Department of External Affairs and the Department of Fisheries and Oceans.

In concluding, Mr. Chairman, I am going to repeat the request that I made of you in a number of pieces of correspondence over the last year: that you signal this message clearly to all agencies of the government of Canada, and more importantly, that you signal it clearly to all of the nations of the world, just how significant

a problem Canada views this, by taking personal responsibility to give world leadership to this particular issue.

I believe, Prime Minister, that not only the people of Canada as a whole and the people of Newfoundland and Labrador but the people of the civilized world would applaud your leading this charge.

I thank you for the efforts that you have taken to date, but I plead with you to make it more of a personal issue for you.

Now, I should also not close without saying that, while I thought it was understood that we would not be making any particular closing remarks at this session, my friend Joe from P.E.I. has had a different understanding.

But let me just say, so that the news media and nobody else will read anything differently into it, I endorse wholeheartedly what Joe has said about the need for all of us to look to a greater vision of Canada and realize that we must -- we must enter into compromises that will ensure that we will, in the future, make provision for Québec participating in all constitutional activities of this country on a fair and reasonable basis that accommodates the concerns of Québec, but also on a basis that will be acceptable to the vast majority of the people in the varying parts of this country.

I think all of us have a responsibility, and I endorse Joe's comments in that regard.

Thank you, Prime Minister.

THE CHAIRMAN:

Thank you, Premier Wells.

I think your assessment of -- I may say, en passant again -- the problem of overfishing and the implication of Spain and Portugal is dead on. It is a view that I have conveyed directly to the Prime Ministers of Spain and Portugal, to the President of the European Commission, every occasion that we get.

This is a travesty, both of the environment and the rights of Newfoundlanders to harvest that resource, which is being denied by pretty quite willful acts.

As a result, you are right again in terms of the entry of these countries into the European Community. They pass off their problem on us that way. It has received a great deal of attention from John Crosbie and Joe Clark and Tom Siddon and Mr. Bouchard and myself at every conference that we attend -- every fight that we can fight -- because it is so important.

And I thank you, as well, for your comments about Allan Beasley. I share your high regard for him, which is why he has been appointed to this sensitive -- it is not widely known by other First Ministers and by other Canadians. It is hard sometimes to get their attention for something off the coast of Newfoundland and Labrador, Nova Scotia, Prince Edward Island.

But we have a calamity coming in this industry because of the willful destruction of a resource by trading partners of Canada. And it is going to require the talent and the resolve of all of us -- the government of Canada and all of our friends and allies and, of course, the support of everybody around this table.

I thank you for your comments, Premier, and I would turn to Premier Buchanan.

HON. JOHN BUCHANAN (Premier of Nova Scotia):

Thank you very much, Prime Minister.

Nova Scotia is dedicated to the creation of a sustainable development strategy. As a result of that strategy, we have established and provide sustaining support for the Nova Scotia Round Table on the Environment and the Economy.

It was also this strategy which led to the recent Conference on Environment and Economy, bringing together 350 Nova Scotians determined to finding common ground to build an environmentally sensitive economy.

I am told, Mr. Prime Minister, by very impartial observers that this was the most successful conference on the environment

ever held in Canada, but I suppose that is not too unusual with Nova Scotia conferences.

SOME PREMIERS:

(laughter)

HON. JOHN BUCHANAN:

Mr. Prime Minister, we have adopted measures implementing recommendations from task forces on everything from dangerous substances to litter.

We have created a Task Force on Clean Water.

We have embarked on a massive campaign providing sewage treatment and you, of course, have already mentioned the most widely publicized -- the \$200 million Halifax Harbour clean-up funded by the government of Canada, the province of Nova Scotia, and the municipalities concerned.

But the cumulative impact of all of these projects, province-wide, is to provide water qualities appropriate to human, agriculture, and recreational uses.

Mr. Prime Minister, we are acutely aware that our economy is essentially resource-based. Employment in Nova Scotia cannot be separated from our mines, our fishery, forestry and farms.

It is critical to our future that we exercise every effort to ensure these resources are tapped such as they would recognize not only the integrity of our environment but clearly demonstrate we are prepared to shoulder our responsibilities as a member of this global village.

We cannot speak of allowing fishing communities to languish to satisfy unworkable fisheries management plans. We must instead strive to build new ways to manage our fishery, which will ensure not only preservation of fish stocks but also preservation of the social and economic fabric of our fishing communities.

The coal mining industry employs thousands of Nova Scotians and has contributed to making our province self-sufficient in

energy. Research is being carried out on an escalating basis to ensure that coal is an environmentally clean fuel.

The first circulating fluidized bed generating plant will soon be built at Point Aconi, Nova Scotia, after environmental hearings are completed.

This 165-megawatt plant, which will literally eliminate SO₂ and therefore acid rains and substantially reduce NOx or nitrous oxide.

The Nova Scotia Power Corporation, over the next decade, will retrofit its existing generating plants with the most up-to-date desulphurization technology to eliminate acid rain.

We have commenced initiatives to deal with the vexatious question of carbon dioxide, and we are determined to do our part. But we are equally determined that the critical path chosen will enhance Nova Scotia, both environmentally and economically.

Nova Scotia welcomes the initiative of the government of Canada to establish a national environmental agenda. However, it is essential that full consultation between Ottawa and the provinces be assured.

Mr. Prime Minister, again I underscore the commitment of our government and all Nova Scotians to the creation of a sustainable economy. We will achieve this goal for Nova Scotia; we will achieve it as a partner with your government and the provinces; and we will achieve it as our contribution to responsible global enhancements.

THE CHAIRMAN:

Thank you, John.

Premier Vander Zalm.

HON. WILLIAM VANDER ZALM (Premier of British Columbia):

Thank you Mr. Prime Minister. Another international environmental issue of profound concern to British Columbians is the spectre of the driftnet fishery. Some of these drift nets are

thirty miles long. They entangle whales, birds, porpoises and many other sea creatures and they threaten our fishery resource. Earlier this week the Governors of Alaska, Oregon and Hawaii, California, Washington and Idaho, joined with me in issuing a proclamation on high seas driftnet fisheries. This proclamation urges the governments of the United States and Canada to seek reductions in fishing by Taiwan, Korea, Japan and others. And Mr. Prime Minister, I appreciate very much your support and the support of your government in looking towards a resolution for this.

There is another aspect of fishery I am concerned about. The recent free trade panel on salmon and herring had its beginnings in a trade dispute. But the conclusion of that panel, accepted by the federal government, against B.C.'s recommendation, had the potential to hamper the resource conservation and management objectives that we share and which are the perfect example for the need for integration of environmental and economic objectives. We are concerned that implementation of the report will cause a fundamental change in the way the fishery is managed in Canada, and I call upon the federal government to ask itself whether its laws and regulations continue to be adequate or appropriate for ensuring that our fishery's conservation and management system can sustain the resource for the benefit of all Canadians.

There are a number of points that must be made on the issue of intergovernmental cooperation. Canadians are impatient with the confusion, duplication and waste of resources, and also with effort and time which result when jurisdictional overlap becomes a hurdle. It is most urgent that our governments find new and creative ways to work together in a true partnership based on jurisdiction strengths and cooperation.

To that end, Prime Minister, I encourage you and your colleague, the Minister of the Environment, to join the provinces in endorsing the draft Statement on Interjurisdictional Cooperation for Protection of the Environment. The spirit and direction of this statement were recently endorsed by Canada's environmental ministers. I know that Environment Ministers are eager to have this direction confirmed. Prime Minister, every generation blames its parents for the state of the world. While our generation is not fully responsible for the troubling state of the environment, it is clear that we will and we should be blamed if we fail to find new ways to secure our environment for future generations.

Canada is at an environmental crossroads. History will look back at those of us around this table today to judge whether we took the right road. The environment is more important than Premiers or Prime Ministers, but we have a key role to play in securing a safe, clean and sustainable environment for all future generations of Canada. Let us not fail to meet that challenge. Thank you, Mr. Prime Minister.

THE CHAIRMAN:

Thank you, Premier Vander Zalm, very much. I take special note of your comments on driftnet fishing which is of such importance to British Columbians and the west coast of Canada.

May I turn to Premier McKenna, please, for the final word.

HON. FRANK MCKENNA (Premier of New Brunswick):

Thank you, Prime Minister and colleagues. I, as well, would like to endorse the remarks of my colleagues who have made some extremely good points with respect to the environmental question.

Just to start by making a reference to your situation in Baie Comeau and the question of the PCBs, Prime Minister. Just to show you how difficult your job can be at times. When that whole incident took place, I received a call from one of my constituents. The caller was absolutely incensed when he heard about it. He said that they just could not believe that the Prime Minister would try to grab everything for his riding. I should also tell you, my neighbour Robert, that ---

THE CHAIRMAN:

That he put the PCBs in the jail.

HON. FRANK MCKENNA:

In the jail. That is right. That is right. Then you would have all your pork in one barrel.

THE CHAIRMAN:

Frank, for that I will give you, for that I have to give you a 10. But I have to tell you the next time you talk to me privately about more porc for New Brunswick, no deal.

HON. FRANK MCKENNA:

Well, this could endanger our close relationship, Prime Minister. To my neighbour Robert, and I do not want to veer off the environment here because I know how important it is, but just to say to you, you know, Robert, that the question of the PCB's might have been resolved much more easily and we all might have been prepared to take them for you if we could do something about interprovincial trade barriers. So we just might want to keep that in mind this afternoon.

I want to tell you from our perspective in New Brunswick, we believe that much has been accomplished in the last several years but that there is a great deal more to do.

Nous avons fait beaucoup de progrès mais il y a beaucoup à faire dans la province du Nouveau-Brunswick. Nous avons crée un nouveau ministère et nous sommes très fiers de notre ministre, l'honorable Vaughn Blaney. Il est un homme très, très sincere et très sensible concernant ces questions environnementales.

We have been fortunate in New Brunswick in creating a new environmental ministry, to have a new minister who is extremely dedicated to the environment, and not only that but a deputy minister and the entire staff. And if I could do it I would like to say here a very, very public thank you to the people of that department, on behalf of the citizens of New Brunswick, and in fact all of Canada, for working so hard on their behalf.

I also want to tell you, Prime Minister, that we have introduced very tough new legislation, clean water legislation in the province based on the polluter-pay principle, that we are well advanced in comprehensive waste management recycling programs and that we have introduced a new program to upgrade all of the municipal infrastructure outstanding in the province of New Brunswick over a period of years. I can tell you on that question, Prime Minister, that every province can use as much help as possible and I would extend an invitation to you to jump in the

waters, fine, if you want to join the municipal infrastructure campaign. I can also tell you that our round table on the environment, we are going to be pleased to participate pursuant to Premier Filmon's invitation. Our program is well advanced. In fact we are now in the process of having public consultations.

Ultimately, we are going to have all of our citizens, our corporate citizens and our individual citizens and perhaps, again through many programs of education, we are going to have to become more sensitive and more committed on environmental questions.

At the national level, we have been pleased, Mr. Prime Minister, to participate in programs with respect to CFCs, volatility of gasoline, SO₂ emissions, the PCB question and also in the sustainable development question, particularly in connection with our resource industry, fish as well being a major problem at the present time in our province.

I want to say finally, though, Prime Minister, my fervent hope is that by recognizing that we all have so many difficulties and challenging environmental situations that we will recognize that we are wasting resources if we duplicate effort. So let us be very very attentive to making sure we get our jurisdictional disputes, if you could call them that, or at least lines of demarcation worked out so that we do not duplicate effort and dilute very scarce resources.

Thank you, Prime Minister, for the opportunity at this First Ministers' Conference for all of us to contribute something positive with respect to the environment.

THE CHAIRMAN:

Premier Bourassa, as Chairman of the Premiers' Conference, will just take one second to give an experienced view on what we have been seeking to do.

MR. ROBERT BOURASSA:

One second is a short time, Prime Minister.

Tres très brièvement, je veux signaler combien sur ces questions là, de l'environnement, la collaboration interprovinciale a été très productive.

Je réfèrais dans mon exposé tantôt sur la question des normes californiennes que nous voulons appliquer à l'ensemble du Canada, la collaboration que nous avons eue à Québec et à Montebello entre d'abord les Premiers ministres de l'est et l'ensemble des Premiers ministres à Québec révelent que sur des questions si fondamentales pour l'avenir du Canada nous pouvons travailler très étroitement et très efficacement.

Tout ce que l'on peut souhaiter c'est qu'un exemple comme celui-là puisse se transposer dans d'autres secteurs aussi importants pour notre avenir commun.

LE PRÉSIDENT:

Merci monsieur Bourassa.

I would like to wind up our deliberations today very briefly.

Well, we are getting lunch a little earlier today. Before we go upstairs for our agreed upon conference to report briefly on the work in progress both to the meeting and to the First Ministers.

The First Ministers met yesterday afternoon on the agenda item 2 which was Federal-Provincial Priorities involving Ministerial Reports. And as you know, we met again this morning, and I thought the discussions were productive and without trying to anticipate final results for this afternoon I think that we have made some real progress.

We have tasked our officials to prepare communiques to reflect agreements reached by the First Ministers.

The following Federal-Provincial Reports relating to Women in the Economy have been approved and will be released publicly.

Ce sont les rapports auxquels j'ai fait allusion hier et plutôt ce matin qui portent sur les initiatives visant l'égalité économique des femmes.

So the reports involved are: Towards a Labor Force Strategy - A Framework for Training for Women - An Assessment; Towards a Labor Force Strategy -A Framework for Training for Women - Progress Reports; The Integration of Work and Family Responsibilities - Reports on Strategies.

Effectivement, nous avons les rapports fédéraux-provinciaux concernant les femmes et l'économie qui ont été approuvés et qui seront rendus publiques: Pour une stratégie de la main-d'oeuvre: cadres relatifs à la formation des femmes - Examen de la situation; Pour une stratégie de la main-d'oeuvre: cadres relatifs à la formation des femmes - Rapports d'étape; Harmonisation des responsabilités professionnelles et familiales: rapport global sur les strategies.

Later this afternoon, the First Ministers will review a federal-provincial tentative agreement on barriers to inter-provincial trade and we will see if that one can be moved along.

I am particularly pleased to note that First Ministers will consider a communique on sustainable development. Premier Filmon brought this to our attention very actively this morning and spoke on the same principles as our lead-off speaker.

Finally, First Ministers will review a proposal for a task force on Human Resource Development in Canada as it respects the requirements of the competitive nature of our society in the next decade and the next century.

I want to publicly thank all of the First Ministers for what I believe has been a very helpful and constructive series of meetings.

We met privately, we met for lunch, we met for dinner and we met publicly here.

Some people apparently are offended by the view that different views or different perceptions would be held that would be articulated. But of course we hold different views. We represent different parts of the country, we have different responsibilities, we have different views of Canada, different views of the world so why would anybody be offended by statements of views that are different. Of course we hold them and we hold them firmly; and we state them as clearly as we can. That is our obligation.

This collision of ideas is called a democracy. The collision of ideas freely expressed by free men and women is what a democracy is all about. Democracy is, of course, alive and well in Canada and it is alive in the spirit of those young people who yesterday stood on the Berlin Wall and began chipping away with hammers and picks at an instrument that is the opposite of what we stand for.

Anybody who thinks that you invite eleven people to a meeting and ask them not to express their opinions certainly has no idea of how these institutions should function and I think why they functioned, as all speakers have noted, particularly well over the last five years.

Since my student days in Nova Scotia and Québec, the principal topic of discussion as I can remember was about the unity of Canada and then, as time went on, the future of Québec in Canada. This went on for a long time.

I can remember in Québec City in 1961 what was called "Le Congrès des Affaires Canadiennes", the Congress on Canadian Affairs where the theme was or the title was the Canadian Experiment - Success or Failure. L'expérience canadienne, échec ou réussite. It is interesting that thirty years later some people are asking themselves the same question. No one around this table but large numbers of Canadians ask themselves that question.

Participants at that convention, panelists, among others, were Davey Fulton, Jean Lesage, André Laurendeau, René Lévesque, Jean-Jacques Bertrand, Daniel Johnson, Gérard Pelletier, I think.

I was involved in it. I was one of the co-chairmen of it. The question being debated thirty years ago was the Canadian Experiment, Success or Failure.

Here we are, we were then students struggling with the question of canadian unity then, searching for an answer with our own limited means, searching for an answer of the question and here we are thirty years later as First Ministers struggling with the same problem today.

We had, in that time frame, among other things, the Fulton/Favreau formula, the Victoria Conference; we had a referendum that nobody in his right mind would ever wish for again in the province of Québec; we had a commitment by the government of Canada that if Québec supported Canada and voted "NO" there

would be constitutional renewal. We were all there, we remember it well. The implication of that commitment went right to the heart of every Quebecker. It went to the soul of the nation. Vote "NO", vote "NO". Vote for Canada. Give Canada a chance and we will provide a constitution that will make you proud of being Canadians.

That is what it meant to me. That was the undertaking as I saw it and as millions of Quebeckers and Canadians saw it. And then we went from that commitment to constitution. The results of 1981, the Constitution Act of 1982 which I think, in fairness, could be described as, at least incomplete. And then we went to Meech Lake in 1987 where we sought to, in some ways, answer the question that, as students we had struggled with, in Nova Scotia or Saskatchewan or l'Université Laval, in the autumn of 1961, the Canadian Experiment - Success or Failure. And thirty years later it is still the fundamental question about Canada and about Québec. I have enormous confidence in the future of Canada. I have enormous trust in the good judgment and the generosity of Canadians. I am not in any way impressed by temporary swings in public opinion or regional difficulties. These are normal tensions that have to exist, unfortunately, in a country five thousand miles long with twenty-six million people.

Here we are with the country uniquely multicultural, bilingual. We are seeking to make it more united, more competitive. We know full well what the challenges are for all of us into the next century. The prosperity, the questions of prosperity in Newfoundland are just as serious as they are in Ontario or British Columbia. The answers are by and large the same. The quality of a product produced in Newfoundland is the same as the quality of a product produced somewhere else and it will be bought only pursuant to the same objective standards. And it will provide wealth in Québec, Ontario, or Alberta provided we galvanize the talent and the will and the commitment to ensure ourselves that we are ready to meet those challenges. But the fundamental challenge, the inhibition to our capacity to really those challenges in the twenty-first century is our obligation to deal with the problem that I debated as a student thirty years ago and that is still being debated around this table today. The Canadian experiment.

Clearly an experiment ceases to be an experiment only when all of the partners in a constitutional endeavour are onside in a united, thoughtful, generous commitment to the nation. I remember

full well as a Quebecker, I want to tell you, that you do not -- I did not often hear, starting with Mr. Lesage at that time, who spoke strongly of Canada -- you do not often hear the kinds of eloquent, visceral commitments of pride in Canada that Robert Bourassa provided on the 3rd of June 1987, I believe it was, when we concluded the Meech Lake Accord. And I hope we can recapture some of that. That pride and that affection and that love of Canada. We seek to build a tolerant, modern nation and it can only be built, only be built on a durable unity which itself can only be sustained by a willing coming together of English-speaking and French-speaking Canadians whose cooperation was essential in putting the country together in the first place.

So while we have some problems, and many of you have referred to them, we also have great opportunities. We have magnificent opportunities. If we can go to the mountain top and we can see the splendor that a united Canada will bring to all of us, to our children and our grandchildren, into the next century and beyond. If we can summon, I have often said, the phrase has been used by others, by the prophets, "the young men have vision and old men dream dreams". We are entitled to our visions and we are entitled to our great dreams as a nation. And we will achieve those great dreams only with unity.

Nous avons besoin à ce moment-ci dans notre histoire de notre évolution comme un pays, à ce moment particulier, nous avons besoin d'une vision généreuse et d'un leadership certain. Nous avons besoin de la philosophie et de l'inspiration, de la philosophie de MacDonald et Cartier qui eux ont bâti de leur propres mains, à toute fin pratique, un pays aussi merveilleux que le Canada.

And so I thank all of the First Ministers for their comments, both privately and publicly. I take them all in a very constructive light and I think the country does too. I referred at the beginning to the collision of ideas and there is a time for that and there is a time, as well, for us coming together in a great national commitment to unity which is based upon the assumption that we can, as Canadians, create a constitutional document, that will give us all a sense of pride and achievement. I want this. I do not want anymore, I will be very frank, I do not want any more referendums in Québec asking people whether they want to be part of Canada or not. I want all Quebeckers standing up and saying "we are all proud to be Canadians, now and forever". And I think that is a small part of the challenge of the big problem that we have. And it is not the problem that anyone here

created. We cannot create the problem, it was here before us. All we can do is try and contribute to a solution. To an honourable, generous solution and I take your comments as having contributed to that. And I hope we can take it the rest of the way and for that, mostly for that, but for many other things, but mostly for that, on behalf of all Canadians, I thank you for your resolve and your interest and your devotion to the resolution of what is a most important problem for all Canadians.

Thank you all.

APPENDIX

Agenda

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ANNEXE

Ordre du jour

ANNUAL CONFERENCE OF FIRST MINISTERS

NOVEMBER 9 - 10, 1989

OTTAWA

AGENDA

1. Opening Statements
2. Federal-Provincial Priorities and
Ministerial Reports
3. Environment/Sustainable Development
4. Meech Lake Accord

CONFÉRENCE ANNUELLE DES PREMIERS MINISTRES

LES 9 ET 10 NOVEMBRE 1989

OTTAWA

ORDRE DU JOUR

1. Discours inauguraux
2. Priorités fédérales-provinciales et
rapports ministériels
3. Environnement et développement viable
4. Accord du lac Meech

APPENDIX

List of First Ministers and Ministers

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Liste des Premiers ministres et ministres

ANNUAL CONFERENCE OF FIRST MINISTERS

CONFERENCE ANNUELLE DES PREMIERS MINISTRES

November 9 and 10, 1989

Les 9 et 10 novembre 1989

OTTAWA

List of First Ministers and Ministers

Liste des Premiers ministres et Ministres

CANADA

The Right Honourable Martin Brian Mulroney CHAIRMAN/PRÉSIDENT
Prime Minister/Premier ministre

The Honourable Elmer MacIntosh MacKay
Minister of Public Works and
Minister for the Purposes of the
Atlantic Canada Opportunities Agency Act

L'honorable Robert R. de Cotret
Président du Conseil du Trésor

The Honourable Michael Holcombe Wilson
Minister of Finance

The Honourable Harvie Andre
Minister of Regional Industrial Expansion and
Minister of State for Science and Technology

The Honourable Thomas Edward Siddon
Minister of Fisheries and Oceans

The Honourable Charles James Mayer
Minister of Western Economic Diversification and
Minister of State (Grains and Oilseeds)

L'honorable Benoît Bouchard
Ministre des Transports

The Honourable Barbara Jean McDougall
Minister of Employment and Immigration

The Honourable Lowell Murray
Leader of the Government in the Senate and
Minister of State (Federal-Provincial Relations)

The Honourable Paul Wyatt Dick
Minister of Supply and Services

L'honorable Pierre H. Cadieux
Ministre des Affaires indiennes et du Nord canadien

L'honorable Lucien Bouchard
Ministre de l'Environnement

The Honourable Kim Campbell
Minister of State
(Indian Affairs and Northern Development)

L'honorable Gilles Loisel
Ministre d'État (Finances)

ONTARIO

The Honourable David Peterson
Premier and
Minister of Intergovernmental Affairs

The Honourable Robert Nixon
Deputy Premier, Treasurer and
Minister of Economics

The Honourable Ian G. Scott
Attorney General and
Minister Responsible for Native Affairs

The Honourable Sean Conway
Minister of Education
Minister of Colleges and Universities and
Minister of Skills Development

The Honourable James Bradley
Minister of the Environment

QUÉBEC

Monsieur Robert Bourassa
Premier ministre

Monsieur Gérard D. Lévesque
Ministre des Finances

Monsieur Gil Rémillard
Ministre de la Justice et
Ministre délégué aux Affaires intergouvernementales canadiennes

Monsieur Gérald Tremblay
Ministre de l'Industrie, du Commerce et de la Technologie

Monsieur Pierre Paradis
Ministre de l'Environnement

NOVA SCOTIA / NOUVELLE-ÉCOSSE

The Honourable John M. Buchanan
Premier

The Honourable Donald P. McInnes
Minister of Fisheries and
Minister Responsible for the Status of Women

The Honourable Greg Kerr
Minister of Finance

The Honourable Joel R. Matheson
Minister of Advanced Education and Job Training

The Honourable John G. Leefe
Minister of the Environment

The Honourable Ronald C. Giffin
Minister of Education

The Honourable Terence R.B. Donahoe
Minister of Intergovernmental Affairs

NEW BRUNSWICK / NOUVEAU-BRUNSWICK

The Honourable Francis Joseph McKenna
Premier

The Honourable Aldéa Landry
President of the Executive Council and
Minister Responsible for the Intergovernmental Affairs

MANITOBA

The Honourable Gary Filmon
Premier

The Honourable Glen Cummings
Deputy Premier and
Minister of Environment

The Honourable Clayton S. Manness
Minister of Finance

The Honourable James A. Ernst
Minister of Industry, Trade and Tourism
Minister Responsible for Sport

The Honourable James C. McCrae
Minister of Justice and Attorney-General

BRITISH COLUMBIA / COLOMBIE-BRITANNIQUE

The Honourable William N. Vander Zalm
Premier

The Honourable Bud Smith
Attorney General

The Honourable Mel Couvelier
Minister of Finance and Corporate Relations

The Honourable John Reynolds
Minister of Environment

PRINCE EDWARD ISLAND / ILE-DU-PRINCE-ÉDOUARD

The Honourable Joseph Ghiz
Premier

The Honourable Gilbert R. Clements
Minister of Finance and
Minister of the Environment

The Honourable Keith Milligan
Minister of Agriculture

The Honourable Robert Morrissey
Minister of Industry

SASKATCHEWAN

The Honourable Grant Devine
Premier

The Honourable Pat Smith
Deputy Premier

The Honourable Grant Hodgins
Minister of the Environment and Public Safety

The Honourable Lorne H. Hepworth
Minister of Finance

ALBERTA

The Honourable Don R. Getty
Premier

The Honourable James D. Horsman
Deputy Premier
Minister of Federal and Intergovernmental Affairs

The Honourable Dick Johnston
Provincial Treasurer

The Honourable Peter Elzinga
Minister of Economic Development and Trade

The Honourable Ralph Klein
Minister of Environment

NEWFOUNDLAND AND LABRADOR / TERRE-NEUVE ET LABRADOR

The Honourable Clyde K. Wells
Premier

The Honourable Dr. Hubert Kitchen
Minister of Finance

The Honourable Paul Dicks
Minister of Justice

APPENDIX

Press Releases

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ANNEXE

Communiqués

- Report on Integration of Work and Family Responsibilities / Rapport sur l'harmonisation des responsabilités professionnelles et familiales
- First Ministers Reaffirm their Commitment to Economic Equality for Women / Les Premiers ministres réaffirment leur détermination de réaliser l'égalité économique des femmes
- Research and Development / Recherche et Développement
- Environment and Sustainable Development / Environnement et le développement viable
- Human Resource Development / Perfectionnement des Ressources humaines

PRESS RELEASE

First Ministers Release Report on
Integration of Work and
Family Responsibilities

ISSUE

Today, First Ministers released a report, prepared by the federal, provincial and territorial Ministers responsible for the Status of Women, entitled Integration of Work and Family Responsibilities.

BACKGROUND

In 1985, First Ministers expressed their commitment to achieving economic equality for Canadian women and asked Ministers responsible for the Status of Women to take steps toward that goal. They endorsed the initiatives to achieve equality for women in the work force outlined in the report A Framework for Economic Equality for Canadian Women, submitted by the Ministers responsible for the Status of Women.

At their meeting in 1987, First Ministers agreed that achieving full economic equality would require a new look at the changing realities of Canadian life resulting from demographic and social change. They noted the challenge faced increasingly by Canadians of balancing successfully their responsibilities to family and their commitments to the work place.

First Ministers asked the federal, provincial, territorial Ministers responsible for the Status of Women to develop strategies to address the changing relationship between work and family life. The report released today outlines the strategies of all governments. It summarizes the family-supportive benefits, practices and policies in each jurisdiction. First Ministers noted that this is the first step in a long term commitment to harmonize work and family responsibilities and to achieve economic equality for women.

Communiqué

Les Premiers ministres rendent public un rapport sur
l'harmonisation des responsabilités
professionnelles et familiales

QUESTION

Les Premiers ministres ont, aujourd'hui, rendu public un rapport établi par les ministres fédéral, provinciaux et territoriaux responsables de la condition féminine et intitulé Harmonisation des responsabilités professionnelles et familiales.

CONTEXTE

En 1985, les Premiers ministres avaient fait savoir leur détermination à réaliser l'égalité économique des Canadiennes et demandé aux ministres responsables de la condition féminine de prendre des mesures à cette fin. Il avaient souscrit aux initiatives en ce sens exposées dans le rapport intitulé Cadre relatif à l'égalité économique pour les Canadiennes, qui leur avait été soumis par les ministres responsables de la condition féminine.

À leur rencontre de 1987, les Premiers ministres avaient convenu que la réalisation de cet objectif de pleine égalité économique nécessiterait un regard neuf sur l'évolution de la réalité canadienne qui résultait des

changements démographiques et sociaux. Ils ont constaté que de plus en plus de Canadiens devaient relever avec succès le double défi des responsabilités familiales et des responsabilités professionnelles.

Les Premiers ministres avaient demandé aux ministres fédéral, provinciaux et territoriaux responsables de la condition féminine d'élaborer des stratégies pour tenir compte de cette évolution de la relation entre la vie professionnelle et la vie familiale. Le rapport rendu public aujourd'hui énonce les stratégies de tous les gouvernements; et il résume également les politiques, mesures et initiatives mises de l'avant par chacun pour soutenir la famille. Les Premiers ministres ont dit qu'il s'agissait là d'un premier pas vers la réalisation de l'engagement à long terme qu'ils ont pris d'harmoniser responsabilités professionnelles et responsabilités familiales et de réaliser l'égalité économique des femmes.

PRESS RELEASE

First Ministers Reaffirm their Commitment
to Economic Equality for Women

ISSUE

First Ministers reaffirmed their commitment to economic equality for women today when they released two reports, received from the federal, provincial and territorial Ministers responsible for the Status of Women, outlining and assessing progress that has been made by all governments to improve educational and training opportunities for women.

BACKGROUND

Recent years have brought dramatic changes in Canada's labour force, a trend that will accelerate as we approach the 1990s. One of the greatest challenges has been the increased participation of women in the workplace: 56% of Canadian women are in the labour force today, compared with 44% in 1975. Not only are women making their presence felt in a wider range of occupations, Canada will need the talent women bring to the labour market in order to remain internationally competitive into the nineties.

First Ministers began to address the challenges associated with the changes in Canada's work force in 1985, by endorsing A Framework For Economic Equality for Canadian Women, which laid the ground work for federal-provincial-territorial cooperation to improve economic opportunities for Canadian women.

In 1986, Status of Women Ministers submitted a report to First Ministers entitled Towards a Labour Force Strategy: A Framework for Training for Women, and in 1987 they presented their first report on their progress implementing their collective strategies. Today First Ministers released a second report on the progress of governments through 1988, together with an assessment of the impact of the Framework for Training in improving the educational and training opportunities for Canadian women.

First Ministers noted that significant progress has been made in many areas particularly to encourage greater participation by girls and women in the fields of math, science and technology, but that full economic equality for women will require the continuing commitment of all governments to improve the educational, training and economic opportunities for all women across Canada.

Communiqué

Les Premiers ministres réaffirment leur
détermination de réaliser l'égalité
économique des femmes

QUESTION

Les Premiers ministres ont réaffirmé aujourd'hui leur détermination de réaliser l'égalité économique des femmes en rendant publics deux rapports provenant des ministres fédéral, provinciaux et territoriaux responsables de la condition féminine, rapports où sont exposés et évalués les progrès réalisés par tous les gouvernements pour améliorer les chances des femmes en matière d'éducation et de formation.

CONTEXTE

Ces dernières années, il s'est produit une transformation profonde dans la population active du Canada, tendance qui ira s'accroissant durant les années 1990. L'un des plus grands défis que pose cette évolution est la présence accrue des femmes sur le marché du travail : en effet, 56 % des Canadiennes ont aujourd'hui un travail rémunéré, comparativement à 44 % en 1975. La présence des femmes se fait maintenant dans une variété de plus en plus grande d'occupations et le Canada aura effectivement besoin de tout ce qu'elles ont à offrir pour pouvoir faire face à la concurrence internationale dans les années 1990.

Les Premiers ministres avaient commencé, en 1985, à relever les défis que pose l'évolution de la population active du Canada en souscrivant au Cadre relatif à l'égalité économique pour les Canadiennes, document qui jetait les bases de la coopération fédérale-provinciale-territoriale pour améliorer les chances économiques des Canadiennes.

En 1986, les ministres responsables de la condition féminine ont présenté aux premiers ministres un document intitulé Pour une stratégie de la main-d'oeuvre : cadre relatif à la formation des femmes et, en 1987, ils ont présenté leur premier rapport sur les progrès réalisés dans la mise en oeuvre de leurs stratégies collectives. Aujourd'hui, les premiers ministres ont rendu public un deuxième rapport sur les progrès réalisés par les gouvernements en 1988, de même qu'une évaluation de l'impact que le Cadre relatif à la formation des femmes avait eu sur l'amélioration des chances des Canadiennes en matière d'éducation et de formation.

Les Premiers ministres ont constaté que des progrès importants avaient été accomplis dans bien des domaines, en particulier pour ce qui est d'encourager plus de jeunes filles et de femmes à suivre des programmes en mathématiques, en sciences et en technique mais que la réalisation de leur objectif de pleine égalité économique des femmes allait nécessiter un engagement soutenu de la part de tous les gouvernements afin de permettre l'amélioration des chances de toutes les Canadiennes sur les plans de l'éducation, de la formation et du revenu.

RESEARCH AND DEVELOPMENT

First Ministers discussed the issue of increasing research and development activity across the country.

First Ministers noted the establishment by federal and provincial Science and Technology Ministers of a task force to examine the issues raised by the Halifax Declaration (issued at the June National Forum on Science and Technology). They also asked the task force to study a range of output oriented indicators related to national R&D performance.

RECHERCHE ET DÉVELOPPEMENT

Les Premiers ministres ont discuté de la question de l'accroissement de la recherche-développement à l'échelle du pays.

Les Premiers ministres ont mentionné la création, par les ministres fédéral et provinciaux responsables des sciences et de la technologie, d'un groupe de travail chargé d'examiner les questions mentionnées dans la Déclaration d'Halifax (publiée à l'occasion du carrefour national sur les sciences et la technologie tenu en juin). Ils ont en outre demandé au groupe de travail d'examiner divers indices du rendement national en R-D, axés sur la production.

ENVIRONMENT AND SUSTAINABLE DEVELOPMENT

First Ministers discussed several matters related to the Environment and Sustainable Development. They identified both the need and opportunity to cooperate to enhance environmental protection and restoration.

First Ministers endorsed the spirit and direction of the Statement of Principles on Interjurisdictional Cooperation to Protect the Environment which had been prepared by the Canadian Council of Ministers of Environment and agreed that work on a modified and extended version should proceed expeditiously.

These principles are intended to guide all jurisdictions on transboundary environmental issues, whether occurring between provinces, orders of government, or neighbouring states.

The Statement includes a plan of action which Environment Ministers will be pursuing in the coming months. First Ministers directed their Environment Ministers to complete this work by the Spring of 1990.

The First Ministers also agreed to undertake the following actions:

- 1) They endorsed the decisions taken at the recent meeting of the Canadian Council of Ministers of the Environment with regard to vehicle emissions. In this regard the federal government will require new California emissions standards to apply to vehicles in the 1994 model year.
- 2) They noted the growing challenge of managing solid waste in Canada, and supported the commitment of environment ministers to reduce solid waste from landfill and incineration. An important element in achieving this is the recognition of the need for a more environmentally sensitive approach to packaging. To this end, they urged environment ministers to develop for early implementation a program to reduce packaging and to ensure that packages can be recycled, or are made from recyclable materials.
- 3) In discussing sustainable development First Ministers noted that the problems facing the fisheries as a consequence of foreign overfishing, including driftnet fishing, represent a specific example of the necessity of applying the principles of sustainable development.

First Ministers strongly supported Canadian efforts to convince foreign governments of the serious environmental consequences of overfishing practices.

The Conference endorsed the Prime Minister's strong and continuing commitment to resolving this problem. The recent appointment of Mr. Alan Beesley as Canada's Ambassador for Marine Conservation was noted with approval, as was the proclamation issued last week by British Columbia and six American states with respect to driftnet fishing.

L'environnement et le développement viable

Les Premiers ministres ont discuté de plusieurs questions touchant l'environnement et le développement durable. Ils ont constaté la nécessité et la possibilité de collaborer en vue d'améliorer la protection et la restauration de l'environnement.

Les Premiers ministres ont appuyé l'esprit et l'orientation de la Déclaration de principes sur la collaboration intergouvernementale en matière de protection de l'environnement, émanant du Conseil canadien des ministres de l'Environnement, et ils sont convenus que les travaux visant à modifier et à élargir le libellé actuel de ce document devraient se faire rapidement.

Ces principes sont destinés à guider les diverses administrations en ce qui a trait aux problèmes environnementaux transfrontaliers, qu'ils se posent entre deux provinces, deux ordres de gouvernement ou des États limitrophes.

Cette Déclaration de principes comporte un plan d'action que les ministres de l'Environnement mettront en oeuvre au cours des prochains mois. Les Premiers ministres ont demandé à leurs ministres de l'Environnement de terminer leurs travaux d'ici le printemps 1990.

Les Premiers ministres sont en outre convenus de prendre les mesures suivantes :

- 1) Ils ont avalisé les décisions prises à la dernière réunion du Conseil canadien des ministres de l'Environnement en ce qui a trait aux émissions de véhicules. À cet égard, le gouvernement fédéral prescrira l'application des nouvelles normes californiennes d'émission aux véhicules de l'année automobile 1994.
- 2) Ils ont pris note des difficultés croissantes que pose la gestion des déchets solides au Canada et ont appuyé l'engagement des ministres de l'Environnement à réduire les quantités de déchets solides destinées à l'enfouissement ou à l'incinération. Un élément important de la réalisation de ces objectifs est la reconnaissance de la nécessité d'une approche de l'emballage qui soit plus respectueuse de l'environnement. À cette fin ils ont exhorté les ministres de l'Environnement à mettre sur pied un programme, destiné à être mis en oeuvre hâtivement, en vue de réduire le volume d'emballages et de veiller à les rendre recyclables ou à ce qu'ils soient faits de matériaux recyclables.

- 3) Dans leurs discussions sur le développement durable, les Premiers ministres ont noté que les problèmes que pose aux pêches la surpêche étrangère, y compris la pêche aux filets dérivants, illustrent bien la nécessité d'appliquer les principes du développement durable.

Les Premiers ministres ont appuyé vigoureusement les efforts déployés par le Canada en vue de convaincre les gouvernements étrangers de la gravité des conséquences de la surpêche pour l'environnement.

Les participants à la Conférence ont souscrit à l'engagement ferme et soutenu du Premier ministre fédéral à résoudre ce problème. La nomination récente de M. Alan Beesley au poste d'ambassadeur du Canada à la conservation des ressources marines a été notée avec satisfaction, de même que la proclamation faite la semaine dernière par la Colombie-Britannique et par six États américains au sujet de la pêche aux filets dérivants.

HUMAN RESOURCE DEVELOPMENT

First Ministers took note of the Prime Minister's proposal which, in a manner consistent with jurisdictional responsibilities, would:

- assess Canada's human resource development needs;
- report on the human resource requirements of a 21st century, knowledge-based economy;
- identify the results of the current systems, from pre-school to university and skills, technical and vocational training;
- develop recommendations that will address the changes required; and
- examine ways of allocating resources more effectively with a focus on results.

First Ministers agreed to refer this issue to the Council of Ministers of Education and a representative of the Prime Minister to work together to identify an appropriate mechanism, develop terms of reference and an implementation plan. The results of their work would be reported to First Ministers as soon as possible.

PERFECTIONNEMENT DES RESSOURCES HUMAINES

Les Premiers ministres provinciaux ont pris bonne note de la proposition de leur homologue fédéral, laquelle devrait, dans le respect des responsabilités de chaque administration, permettre :

- d'évaluer les besoins du Canada en matière de perfectionnement des ressources humaines;
- de faire rapport sur les besoins en ressources humaines d'une économie du XXI^e siècle basée sur la connaissance;
- de déterminer les résultats des systèmes actuels d'éducation, du niveau préscolaire à l'université en passant par la formation technique et professionnelle;
- d'élaborer des recommandations visant à apporter les changements requis; et
- de trouver des moyens d'affecter plus efficacement les ressources existantes, les résultats étant le critère primordial.

Les Premiers ministres sont convenus de renvoyer la question au Conseil des ministres de l'Éducation du Canada et à un représentant du Premier ministre fédéral qui chercheront de concert un mécanisme approprié et en arrêteront le mandat et le plan de mise en oeuvre. Un rapport sur les résultats de ces travaux sera présenté aux Premiers ministres dans les meilleurs délais.

APPENDIX

Right Honourable Brian Mulroney,
Prime Minister of Canada -
Press Conference

- November 10, 1989

D

ANNEXE

Conférence de presse
du très hon. Brian Mulroney,
Premier ministre du Canada

- Le 10 novembre 1989

MONSIEUR GILBERT LAVOIE:

Le Premier ministre aura une courte déclaration, après quoi il prendra vos questions. Je demanderais à ceux qui désirent poser des questions au Premier ministre de s'approcher des deux microphones et de vous identifier.

The Prime Minister will have a short statement and then he will take your questions for one-half hour. I would ask you to approach the microphone to put your question to the Prime Minister. Thank you.

THE RIGHT HON. BRIAN MULRONEY (Prime Minister):

Just a brief statement. Over the course of the past two days, First Ministers have worked in this Conference on the economy, and it's hard to lay out their ideas for preparing Canada for the 21st century.

We have addressed a number of tough issues in order to guarantee that Canadians are in as strong a position as possible to meet the competitive challenges of the next century and to ensure that there is a strong foundation of political stability in Canada.

As I said earlier today, there will always be tensions in a country as diverse and as large as Canada, and it will be rare when the nation is without differences of views and without serious differences of perspective.

Diversity is what Canada is all about, and diversity benefits every region and every Canadian.

This Conference has led to some demonstrable results. I outlined earlier today our workplan and First Ministers have, I think, made useful progress.

I am pleased to report that in our joint Communique on Environment and Sustainable Development we renewed our commitment to cooperative action to address our common environmental challenges. We endorsed the spirit and direction of the Statement of Principles on Interjurisdictional Cooperation, which our Ministers of Environment will work to conclude.

In a second communique, First Ministers agreed to look at ways to improve human resource development in Canada, in order to ensure that we are ready to meet the competitive challenges of the international economy. This goes back to the speech I made in August in regard to the weaknesses in Canada's education system at all levels, and the manner in which we must come together to try and prepare our children for the demands of a new economy.

First Ministers have also asked the task force established by our Science and Technology Ministers to study a range of output oriented indicators related to national R&D performance. This is tangible progress towards securing Canada's technological competitiveness and, while all of us have initiated some important plans in these areas, I think all of us are concerned by our lack of progress. We do not feel it is enough for Canada and we searched together for better ways to bring about a better performance by all of us for the country.

Et comme j'ai indiqué ce matin, les rapports fédéraux-provinciaux concernant les femmes et l'économie ont été approuvés et ont probablement déjà été rendus publics -- Pour une Stratégie de la main-d'oeuvre: cadre relatif à la formation des femmes - Rapport d'étape; Pour une Stratégie de la main-d'oeuvre: cadre relatif à la formation des femmes - Examen de la situation; Harmonisation des responsabilités professionnelles et familiales - Rapport sur les stratégies.

Le dialogue sur l'Accord du Lac Meech se poursuit. Tous les Premiers ministres, je pense, ont fait preuve de vigueur et également de bonne volonté. Il est important, je pense, de bien conclure ce chapitre de notre histoire constitutionnelle de sorte que nous puissions débloquer le processus de réforme de la Constitution et passer à d'autres questions importantes.

In this regard, among other things, the First Ministers today agreed that a constructive and helpful meeting was held this afternoon on the issue of constitutional reform. I will instruct Senator Murray to meet with provincial representatives to explore the possibility of movement on the Meech Lake Accord. Having been given complete support by First Ministers, Senator Murray will intensify and seek to accelerate the process of meaningful Senate reform started in Saskatoon. Provinces may agree on appropriate representatives to participate in these consultations. If progress is deemed appropriate on the provisions of the Meech Lake Accord, a further meeting of First Ministers will be convened by the Prime Minister to deal with this matter.

All First Ministers agreed that, in the event of the successful conclusion of the Meech Lake Accord, the Prime Minister will convene a First Ministers' Conference on Senate Reform to be held in Western Canada on November 1, 1990.

Moreover, Premier Wells will no doubt be talking with you but he sought -- even better I think I have the statement that he wished that we make because he sought the advice of the First Ministers on an important matter and it was agreed that: the Prime Minister and all First Ministers have given the Premier of Newfoundland and Labrador an understanding that the Meech Lake Accord will not be implemented until the Legislature of Newfoundland has reconsidered the matter and expressed its approval or disapproval. In return, the Premier of Newfoundland has agreed that the Legislature of Newfoundland and Labrador will not rescind the resolution already passed by the Legislature of Newfoundland in the meantime.

So, we had, as I say, a very constructive and helpful meeting. I think we have moved the process along somewhat. There remains a great deal of obstacles but a lot to be done but I was very pleased with the quite excellent meeting that took place this afternoon.

I will be happy to try and answer your questions.

Mr. Halton.

THE PRESS (David Halton):

Mr. Prime Minister, Premier Wells told us this morning that he is prepared to make some compromises on the substance of Meech Lake in order to get Québec's signature on the Accord but that in turn, he expects Québec to make some compromises, compromises that he said are essential if the rest of Canada is going to accept the Meech Lake Accord.

Do you think that this is a reasonable proposition for him to be putting?

THE PRIME MINISTER:

Well, I should tell you at the meeting this afternoon I asked Premier McKenna and Premier Filmon and Premier Wells to spell out their concerns and the reasons behind those concerns. In reply,

I, on some eight or nine points, gave the rationale and the reasoning and the law behind the initiatives that we took.

There was a very good high road objective consideration of those.

Premier Wells was a very active and constructive participant in those deliberations this afternoon. As a result of those deliberations, we have engaged, with Senator Murray, an important new round of consultations. I think that we will have to see what happens but I am encouraged by the results of today.

THE PRESS (David Halton):

... Québec is justified in saying that Meech Lake must pass intact and it cannot be subtracted from it, any new changes could be add-ons, political agreements but the Meech Lake Accord must pass intact.

THE PRIME MINISTER:

I think the position of the federal government is very well known and we have explained that position quite often and I had, as I say, the occasion to do it again today.

First Ministers felt, given the explanations back and forth, that it was worthy. I think that was the word used -- would be very worthy to initiate this new round and so I do not want to add to Senator Murray's burdens and woes. He has enough of them already. But, I would just say it was a spirit of accommodation and reasonableness that gave rise to this action today and had I not detected that kind of spirit, there would have been no such process. So, I think that it was a good move.

THE PRESS (WENDY MESLEY):

Prime Minister, could I ask what it means "giving Newfoundland a promise that they will be given a chance to reconsider the Accord once again"? Do you see more public hearings in Newfoundland or another vote? How exactly would it work?

THE PRIME MINISTER:

I think that you would have to ask Premier Wells exactly for the rationale. But I think his concern was that because a previous Legislature had granted its consent to the Meech Lake Accord, he was fearful that if he failed to revoke that consent it might be, on an ongoing basis, viewed by some as automatic consent. I assured him that I recognized the right of any duly elected legislature to revoke an undertaking having been given and it was - and the other Premiers acknowledged that, so I think that it gave Mr. Wells the reassurance, as he has alluded to here, that a revocation of that at this juncture would be unhelpful and I think he wants to be helpful.

THE PRESS (WENDY MESLEY):

... come to an agreement with Manitoba and Newfoundland, the two other provinces that do not particularly like the Accord the way that it is. After their ratifying the Meech Lake Accord, would Mr. Wells be given another chance to rescind it, or would you go ahead with proclamation?

THE PRIME MINISTER:

I have nothing to do with his right to rescind. He can invoke that right himself.

THE PRESS (WENDY MESLEY):

But not if you proclaimed it immediately.

THE PRIME MINISTER:

I think that the spirit of the meeting this afternoon suggest that we are trying to bring about a definitive solution.

THE PRESS (DON BRAID):

Prime Minister, could you tell us what you mean by intensify and accelerate the process of Senate reform? And second part of the question, when do you intend to make a decision about Stanley Waters?

THE PRIME MINISTER:

To answer the second part first: at an appropriate time, Mr. Braid. With regard to the first part, the Senate reform is a very important consideration for a number, particularly, for all of us, but for a number of provinces. I have, as you know, earlier given the assurance that the federal government at the first First Ministers' meeting, following Meech Lake, would be ready to table a complete project involving Senate reform which involves an elected Senate. This statement gives further assurance to those principally preoccupied with the question of Senate reform that it will not be shucked off to the sidelines, that it will be -- that we are going to try and deal with it on an ongoing and priority basis. It means, of course, that in the event of a successful conclusion of Meech Lake, we will move rather more rapidly to deal with the fundamental question of Senate reform than had originally been anticipated.

THE PRESS (DON BRAID):

... talking about before the final ratification of Meech Lake, is there more going to be going on between now and then ---

THE PRIME MINISTER:

Yes.

THE PRESS (DON BRAID):

--- than there would be without this statement?

THE PRIME MINISTER:

Yes I would expect that there will be a lot going on between now and then. Obviously the meeting that we are talking about on the 1st of November is predicated upon a successful resolution of the Meech Lake Accord.

THE PRESS (DON BRAID):

One further thing. Do you see the election of Stanley Waters as part of Senate reform?

THE PRIME MINISTER:

I see the question of election of senators pursuant to broad objective criteria agreed upon as fundamental to Senate reform.

JOURNALISTE (DANIEL L'HEUREUX):

Monsieur le Premier ministre, il ne nous a pas été donné d'assister aux délibérations privées que vous avez eues cet après-midi, mais ce qu'on a vu depuis deux jours, c'est que vos positions semblent, à tout le moins, largement irréconciliable. Est-ce que vous seriez en mesure après les discussions que vous avez eues cet après-midi de nous dire, prendriez-vous le risque d'évaluer à combien sont vos chances de sauver l'Accord du Lac Meech et sur quelles avenues, où seraient les avenues de compromis?

LE PREMIER MINISTRE:

Non, je ne prendrai pas ce risque-là.

JOURNALISTE (DANIEL L'HEUREUX):

Vous avez au moins plus de chance que il y a trois jours.

LE PREMIER MINISTRE:

Oui, mais vous savez, il s'agit d'un processus. C'était la première rencontre de M. Wells, par exemple, ici à Ottawa. Il

voulait exposer son point de vue. Il l'a fait. Bravo! Il l'a fait avec beaucoup d'éloquence.

Moi, c'était ma responsabilité de donner le point de vue de ceux qui partageaient un point de vue différent. Et je l'ai fait.

Comme j'ai mentionné, c'est lorsque les idées se heurtent que l'on voit parfois du progrès. Alors, ce que j'ai constaté aujourd'hui c'était une attitude positive et constructive qui nous a permis de s'entendre justement sur le document que je viens de vous lire.

JOURNALISTE (DANIEL L'HEUREUX):

Ce serait quoi les avenues de compromis?

LE PREMIER MINISTRE:

On verra. Mais je peux vous dire que cette attitude de collaboration a été -- je l'ai vue auprès de tous les Premiers ministres, pas seulement un ou deux, en commençant par, parmi d'autres, M. Wells qui a adopté une attitude intéressante et constructive aujourd'hui.

JOURNALISTE (JULIE MIVILLE-DECHENE):

Monsieur Mulroney, est-ce que ce n'est pas accordé un traitement spécial à Terre-Neuve que de permettre à cette province de dire: "Le gouvernement fédéral ne fera rien, ne proclamera pas l'Accord du Lac Meech avant que Terre-Neuve puisse reconsidérer, puisse reparler de ca"? Est-ce que ce n'est pas accorder un traitement spécial à Terre-Neuve?

LE PREMIER MINISTRE:

Nous n'avions pas l'intention du tout, madame, de faire autre chose que cela, quoiqu'il en soit.

JOURNALISTE (JULIE MIVILLE-DECHENE):

C'est-à-dire vous n'auriez pas proclamé l'Accord du Lac Meech avant que les gens de Terre-Neuve ---

LE PREMIER MINISTRE:

On ne l'aurait jamais proclamé par la porte en arrière.

JOURNALISTE (JULIE MIVILLE-DECHENE):

A quoi vous vous attendez à Terre-Neuve? Est-ce qu'on s'attend à des audiences publiques ou à ---

LE PREMIER MINISTRE:

J'espère qu'il y aura du progrès. Je pense que l'implication dans un processus national, pour un nouveau Premier ministre de province, pour la première fois comporte une nouvelle réalité. Si lui à l'occasion de prendre du dossier national avec plus d'acuité, nous nous sommes en mesure de regarder de plus près ses propres revendications, prises de position, pour sa province.

Alors je ne suis pas -- je demeure réaliste. Mais il s'agissait d'une bonne journée. On a fait une bonne journée de travail. Puis on verra si la nuit portera toujours conseil.

JOURNALISTE (JULIE MIVILLE-DECHENE):

Dernière sous-question: Sur la question du Sénat, qu'est-ce que vous voulez dire par intensifier les pourparlers pour en arriver à une conférence?

LE PREMIER MINISTRE:

Un peu ce que je viens de répondre à votre collègue, M. Braid. C'est que le sénateur Murray avait la responsabilité d'aborder la question de la réforme du Sénat, dans un deuxième temps. Ca demeure toujours la réalité que nous allons traiter de cette question après l'Accord du Lac Meech. Mais d'ici là, nous allons intensifier notre travail, nos consultations et nos préparations,

en vue d'essayer de rejoindre l'objectif d'une rencontre nationale sur une réforme en profondeur du Sénat qui aura lieu dans l'ouest canadien le 1er novembre prochain.

Ceci veut dire que, avant cela, l'Accord du Lac Meech sera ratifié.

THE PRESS (EDISON STEWART):

I have a few questions. When will Senator Murray start, and when do you think he might report back to you?

THE PRIME MINISTER:

He is just on your right. Why don't you ask him?

THE PRESS (EDISON STEWART):

Will he start next week or next month or soon?

THE PRIME MINISTER:

Soon, he says.

THE PRESS (EDISON STEWART):

Does the mandate extend beyond negotiating on the Senate? Can he talk about other issues?

THE PRIME MINISTER:

Well, there was a very, very specific interest in Senate Reform -- and indeed there always was -- which is why it had been placed at the top of the agenda, following ratification of the Meech Lake Accord. It is still at the top of the agenda.

What we are seeking to do is to perhaps compress the time frames somewhat so that, if and when the Meech Lake Accord is ratified, pursuant to constitutional requirements, we would then be -- Senator Murray's ongoing work would allow us to be better

prepared for a Federal-Provincial First Ministers' Conference designed to deal with complete Senate Reform on the 1st of November next.

THE PRESS (EDISON STEWART):

But does his mandate extend beyond the subject of Senate Reform?

THE PRIME MINISTER:

Well, yes. He is doing two things. He is initiating the process of consultation in regard to Meech Lake and, concurrent with that, is his obligation to intensify the consultations and the possible new developments in regard to Senate Reform.

But yes, I see your question -- absolutely. He will seek to resume a constructive dialogue with the provinces and with others on Meech Lake.

THE PRESS (EDISON STEWART):

Another question, if I may. Could Senator Murray go so far as to sign an agreement, in principle, on Senate Reform, which could then become on November 1st, a reformed Senate?

THE PRIME MINISTER:

No.

JOURNALISTE (MAURICE JANNARD):

Monsieur le Premier ministre, est-ce que c'est toujours la position du fédéral de faire ratifier l'Accord du Lac Meech tel quel le 23 juin 1990?

LE PREMIER MINISTRE:

Oui, c'est la position du gouvernement fédéral.

JOURNALISTE (MAURICE JANNARD):

Alors, ça veut dire, si on vous comprend bien, qu'il n'y aura pas de changements aux textes que nous avons dans le moment?

LE PREMIER MINISTRE:

Vous m'avez demandé si c'est la position du gouvernement fédéral d'essayer de faire ratifier l'Accord du Lac Meech, tel quel. Je vous dis que oui, c'est la position du gouvernement fédéral.

JOURNALISTE (MAURICE JANNARD):

Si, pour faire accepter ce texte-là aux autres provinces, il doit y avoir des changements, allez-vous les accepter, par exemple, sur la clause de la société distincte ou le pouvoir de dépenser du fédéral?

LE PREMIER MINISTRE:

J'ai donné des explications assez directes et étianches sur toutes ces questions-là aujourd'hui, à tous les Premiers ministres -- surtout les trois Premiers ministres qui avaient des questions là-dessus.

J'espère pouvoir les convaincre du bien-fondé de notre position. Mais on verra.

Mais si vous me demandez notre position, c'est celle que j'ai maintenue et défendue depuis, maintenant, bientôt trois ans.

THE PRESS (GREG OLIVER):

Prime Minister, unless I missed something, I don't think you have even agreed on a date or a time or a place for a First Ministers' meeting on Meech. Therefore, I am having a hard time seeing where the progress is if you could not even see that you were close enough to take the risk of a further meeting.

THE PRIME MINISTER:

Well, I am not suggesting any enormous progress, Greg. I am just saying that we have agreed on a process which, if productive, will give rise to the First Ministers' Conference on Meech Lake, as determined by me as Prime Minister.

And so, we will have to see how Senator Murray does. Time is of the essence, and it is ongoing. We will have to see. If we make progress, if we move ahead, we will have a meeting. If we do not, we will not.

THE PRESS (GREG OLIVER):

It sounds pessimistic to me. Do you even have a glimmer of hope that you might be able to bring together all of these disparate views on what the country should look like after Meech?

THE PRIME MINISTER:

Well, I hope it sounds realistic. I am rather more encouraged today than I was a couple of days ago. I think we made some progress, and I am always grateful for small blessings. And this is one of them.

We are trying to move ahead, and I think we did. We had a very good meeting today. I think all of the participants will tell you that. It was a very direct and, I think, pretty thoughtful exchange -- pretty high-road stuff, that gave rise to -- Perhaps I can put it this way, put it in the negative.

I went around the table and asked them all if they sensed enough constructive engagement and optimism in our discussions to justify in their minds another round of negotiations by Senator Murray. He is a busy man. He has better things to do with his time than run around the country, unless there is a willingness to dialogue. And everyone pursuant to what was a 2 or 3-hour meeting, I think, thought that there was. And I could sense there was. There was a good mood in the room.

And so we moved it ahead, and we will have to see whether we can move it to the end. I am not sure.

THE PRESS (GRAHAM FRASER):

Prime Minister, you have just used the phrase, a process of negotiations, you have talked about accelerated consultations. I understand by your remarks that the Meech Lake agreement is not now reopened and I am wondering if, in the course of these consultations and negotiations, is it technically possible to reopen the Meech Lake Accord and have an agreement before the terms of the Constitution force expiry and failure by June 23, 1990? What options are opened in terms of those consultations and negotiations?

THE PRIME MINISTER:

Well, Graham, I am pretty satisfied that the Meech Lake Accord as it is, represents the very best that we have been able to do. I defended that view today in a lengthy and very good exchange with Premiers. I am not trying to presume in any way upon their right and I am not trying to presume upon what they will say and what they will do in the course of this consultation, and I suppose that if there is sufficient reason for optimism that I would be, that I would call another First Ministers' Conference. But if I did not think that there was reasonable hope for an agreement, there would be no further First Ministers' Conference and I suppose that history would take its course.

MR. GILBERT LAVOIE:

I will take three more questions. Pierre April, the gentleman there, and Jeff Simpson.

JOURNALISTE (PIERRE APRIL):

Monsieur le Premier ministre, j'éprouve beaucoup de difficulté à comprendre pourquoi vous envoyez le sénateur Murray à travers le pays discuter de la réforme du sénat en même temps que l'Accord du Lac Meech, un accord que Québec continue toujours de dire qu'il est intouchable. S'il est intouchable on doit l'accepter tel quel ou passer à autre chose. Je ne vois pas comment le voyage à travers le Canada du sénateur Murray pourrait tenir compte des objections de ceux qui ne veulent pas accepter l'Accord du Lac Meech tel quel puisque le Québec a dit que c'était le minimum?

LE PREMIER MINISTRE:

Mais si, Pierre, certaines de ces réticences étaient dues au fait que dans certaines régions du pays où on attache beaucoup d'importance à la réforme du sénat, qu'on ne voyait peu de progrès dans l'évolution du dossier, si après l'intervention prioritaire du sénateur Murray on voit l'évolution de façon plus tangible, ou du moins du profil d'un dossier sur la réforme du sénat qui a de l'allure, qui est encourageant, c'est de nature probablement à inspirer confiance auprès de ceux qui y croient, qui y tiennent mordicus. Cela n'enlève rien à l'Accord du Lac Meech. Cela n'affecte pas à ce moment-là l'Accord du Lac Meech car il est clairement indiqué dans la déclaration que je viens de vous lire, que d'abord et avant tout, il faut que le processus du Lac Meech soit conclu de façon acceptable avant que l'on puisse passer à une réforme du sénat, n'est-ce pas? Alors c'est dans ce sens là que je le vois. Comme une étape positive.

JOURNALISTE (PIERRE APRIL):

Cela veut donc dire que vous croyez qu'il est possible de faire passer l'Accord du Lac Meech tel quel par une réforme rapide du sénat. Clairement, c'est ce que cela veut dire?

LE PREMIER MINISTRE:

C'est-à-dire que compte tenu de l'importance reconnue de cette question pour plusieurs des Premiers ministres, c'est de nature, je pense à inspirer confiance dans le processus même que d'expédier ou de demander au sénateur Murray de rencontrer ses collègues provinciaux dans le but justement d'essayer un bilan positif, si possible, sur cette question. Il y a dans la vie politique comme dans la vie d'un peuple également, il y a des éléments tout à fait tangibles et palpables. Il y a également des instruments psychologiques, des attitudes, des prises de position, des déclarations d'intention qui ont une certaine importance également. Alors voilà.

MR. GILBERT LAVOIE:

The last two questions. You know the Prime Minister is leaving right after this meeting. I will ask you to make it quick.

THE PRIME MINISTER:

Mr. Simpson. I think Mr. Simpson.

MR. GILBERT LAVOIE:

This gentleman there and then Mr. Simpson.

THE PRESS:

Very quickly Prime Minister, Manitoba has said that it will not proceed without direct amendments to Meech Lake Accord. You have said once again today that the Meech Lake Accord must be ratified as is. Does that not leave you again on a collision course with Manitoba?

THE PRIME MINISTER:

Well, what I said today in response to a number of your colleagues was that I thought that the Meech Lake Accord -- I think that the Meech Lake Accord is a document that stands on its own and stands by itself. I sought, this afternoon, to give responses and explanations to Premiers who were not at Meech Lake and who obviously would have questions as to why certain things were done in such and such a way. That process, I think, was helpful. I am not suggesting that it convinced everybody or convinced anybody. But I think it was clearly helpful and it was a very constructive afternoon. As a result of that kind of exchange and without, in any way, preempting the rights of Manitoba, Newfoundland, New Brunswick or of anybody else -- we agreed to engage in this new process which I happen to view in quite a positive and constructive light. You saw the difficulties that we have had in Canada over the last 120 years in trying to move along. Progress usually is incremental. It does not really happen in big bites too often and so I view this, this could only have come about as the result of a positive attitude and I am pleased with what has taken place, although I am under no illusion that it means the end of the process or the end of the problem.

THE PRESS (JEFF SIMPSON):

Prime Minister, since Senate reform seems now to be accelerating in urgency and since you have already indicated on a number of occasions your views on the principle of the subject of an elected Senate it seems fair and important to ask you your views on the principle of a Senate that is equal and a Senate that is effective.

THE PRIME MINISTER:

We have, Jeffrey, a proposal which will be comprehensive in nature that will deal with the entire question.

I offered, at Meech Lake, to abolish the Senate and to start from scratch to rebuild something. That offer as many of the Premiers who were there remembered today, that offer was not taken up.

I believed that at Meech Lake what we could have done was undertake to, not to reform the Senate but to do it in two stages: abolish it and build it from the ground up with a fully reformed Senate.

It did not work out then and I am ready and I am committed, as is my government, to serious reform. How it will eventually come out, Jeffrey, I do not know. What it will eventually be, I am not sure because I think that there are differences of view among all the provinces but no one said that he was opposed to the principle that was being discussed.

THE PRESS:

Prime Minister, you have indicated what your general views are on the desirability of an elected Senate, I am simply asking and surely those who want to believe in the bona fides of the federal government's view about senate reform will want to know whether you favor equal representation among the provinces and an effective Senate.

THE PRIME MINISTER:

Obviously, if there is going to be a reformed Senate, I want it to be effective. Obviously. How you bring it about to that degree of effectiveness can vary I suppose. You may have your views and I may have mine. Some suggest that the only way that it can be done is through the equality provisions on elections. Others have other views.

But I am saying that I approach it with a commitment to serious reform and an open mind. That I am ready to undertake seriously. I thought that, perhaps, the best way to do it was the way we suggested at Meech Lake. That turned out not to be acceptable.

If Meech Lake is passed, the way I hope it will be and that we can undertake a proper reform, what would come down the pipe I think would be good, would be reasonable and would be appropriate.

MR. GILBERT LAVOIE:

Prime Minister, thank you very much.

THE PRIME MINISTER:

And I am not, on that, trying to avoid the other part of the question. I believe that there should be an elected Senate, I believe that it must be effective.

How you would achieve that effectiveness? I think that it is open to legitimate debate and I do not want to pre-empt my right to dialogue and discuss or Senator Murray's. This would not be something that we would undertake or that we have talked about lightly.

MONSIEUR GILBERT LAVOIE:

Merci beaucoup, bonsoir.

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